

3850. Also, petition of the Labor Nonpartisan League, Washington, D. C., favoring House bill 6470, the Casey bill; to the Committee on Appropriations.

3851. Also, petition of the Ohio River Co., Cincinnati, Ohio, opposing Senate bill 2009, the Wheeler bill; to the Committee on Interstate and Foreign Commerce.

3852. By Mr. SWEENEY: Petition of American Citizens of Irish Lineage, New York City, concerning the arrest and imprisonment of Sean Russell; to the Committee on Immigration and Naturalization.

3853. By the SPEAKER: Petition of the city of Cleveland, Ohio, petitioning consideration of their resolution with reference to House bill 6470, for the relief of unemployment; to the Committee on Appropriations.

3854. Also, petition of the Regular Veterans' Association, Washington, D. C., petitioning consideration of their resolution with reference to House bill 5960, favoring the establishment of a national park on the site of the Battle of Franklin; to the Committee on the Public Lands.

SENATE

MONDAY, JUNE 19, 1939

(Legislative day of Thursday, June 15, 1939)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. ZēBarney T. Phillips, D. D., offered the following prayer:

Eternal Father, as we enter into Thy presence in this sanctuary of prayer to speak our inmost thoughts to Thine understanding heart: Make us conscious of the fact that there is a hidden dignity in our souls and a grandeur about our opportunities awaiting our discovery. Grant to us such insight and enthusiasm that the routine of our days, the unromantic duty, the dull task, the prosaic fellowship, even the whole order of existence, from which the hope of novelty has long since fled, may shine in wondrous light, as, with open eyes, we look into the heart of Thy law. Help us all in these momentous days to see our path and to love it; to be equal to life's highest possibilities; and, in finding Thee once more in our duty, may we also discover Thee in the range and richness and mastery of all our powers. We ask it in the name of Jesus Christ our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Thursday, June 15, 1939, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE DURING RECESS—ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Under authority of the order of the 15th instant, the following message from the House of Representatives was received by the Secretary on June 16, 1939: That the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H. R. 162. An act to make effective in the District Court for the Territory of Hawaii rules promulgated by the Supreme Court of the United States governing pleading, practice, and procedure in the district courts of the United States;

H. R. 312. An act for the relief of Roland P. Winstead;

H. R. 805. An act to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes;

H. R. 1363. An act for the relief of George Houston;

H. R. 2058. An act for the relief of Jessie Denning Van Elmeren, A. C. Van Elmeren, and Clara Adolph;

H. R. 2179. An act to ratify and confirm certain interest rates on loans made from the revolving fund authorized by section 6 of the Agricultural Marketing Act, approved June 15, 1929 (46 Stat. 11), and for other purposes;

H. R. 2200. An act to dispense with particular allegations as to renunciation of allegiance in petitions for naturalization and in the oath of renunciation of foreign allegiance, by omitting the name of "the prince, potentate, state, or sovereignty" of which the petitioner for naturalization is a subject or citizen;

H. R. 2251. An act for the relief of Russell Anderegg, a minor, and George W. Anderegg;

H. R. 2478. An act for the relief of the Wisconsin Milling Co. and Wisconsin Telephone Co.;

H. R. 2583. An act for the relief of A. W. Evans;

H. R. 2695. An act for the relief of Kenneth B. Clark;

H. R. 3065. An act to amend Public Law No. 370, Seventy-fourth Congress, approved August 27, 1935 (49 Stat. 906);

H. R. 3077. An act for the relief of Adam Casper;

H. R. 3132. An act to authorize the disposal of cemetery lots;

H. R. 3367. An act to define the status of certain lands purchased for the Choctaw Indians, Mississippi;

H. R. 4084. An act to provide for the reimbursement of certain personnel or former personnel of the United States Navy and United States Marine Corps for the value of personal effects destroyed as a result of a fire at the marine barracks, Quantico, Va., on October 27, 1938;

H. R. 4745. An act relating to benefit assessments from condemnation proceedings for the opening, extension, widening, or straightening of alleys or minor streets;

H. R. 4940. An act to authorize the furnishing of steam from the central heating plant to the District of Columbia;

H. R. 5066. An act to amend the act entitled "An act to regulate proceedings in adoption in the District of Columbia," approved August 25, 1937;

H. R. 5436. An act to authorize the grant of a sewer right-of-way and operation of sewage-treatment plant on the Fort Niagara Military Reservation, N. Y., by the village of Youngstown, N. Y.;

H. R. 5474. An act to amend the Railroad Unemployment Insurance Act, approved June 25, 1938;

H. R. 5488. An act to provide for the widening of Wisconsin Avenue in the District of Columbia, and for other purposes;

H. R. 5680. An act to amend section 1 of the act entitled "An act to authorize the Philadelphia, Baltimore & Washington Railroad Co. to extend its present track connection with the United States navy yard so as to provide adequate railroad facilities in connection with the development of Buzzards Point as an industrial area in the District of Columbia, and for other purposes," approved June 18, 1932 (Public. No. 187, 72d Cong.);

H. R. 5801. An act to grant permission for the construction, maintenance, and use of a certain underground conduit for electrical lines in the District of Columbia;

H. R. 5933. An act for the relief of Frances Virginia McCloud;

H. R. 5934. An act for the relief of W. Elisabeth Deitz;

H. R. 5935. An act for the relief of Charlotte J. Gilbert;

H. R. 5966. An act to establish a Coast Guard Reserve to be composed of owners of motorboats and yachts;

H. R. 5987. An act to amend the District of Columbia Traffic Act of 1925 (43 Stat. 1119); and

H. J. Res. 180. Joint resolution to provide that the United States extend to foreign governments invitations to participate in the Seventh International Congress for the Rheumatic Diseases to be held in the United States during the calendar year 1940, and to authorize an appropriation to assist in meeting the expenses of the session.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Calloway, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1796) to amend the Tennessee Valley Authority Act of 1933, disagreed to

by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MAY, Mr. THOMASON, Mr. HARTER of Ohio, Mr. ANDREWS, and Mr. SHORT were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 19) authorizing the printing of additional copies of House Document No. 272, current session, entitled "Message From the President of the United States transmitting a Report of the Bureau of Public Roads on the Feasibility of a System of Transcontinental Toll Roads and a Master Plan for Free Highway Development," with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed a joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, in which it requested the concurrence of the Senate.

CALL OF THE ROLL

Mr. MINTON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	La Follette	Reynolds
Andrews	Dayis	Lee	Russell
Ashurst	Donahay	Logan	Schwartz
Austin	Downey	Lucas	Schwellenbach
Bailey	Ellender	Lundeen	Sheppard
Bankhead	Frazier	McCarran	Shipstead
Barkley	George	McKellar	Slattery
Bilbo	Gerry	Maloney	Taft
Bone	Gillette	Mead	Thomas, Okla.
Borah	Guffey	Miller	Thomas, Utah
Bridges	Gurney	Minton	Tobey
Brown	Harrison	Murray	Townsend
Bulow	Hatch	Neely	Truman
Burke	Hayden	Norris	Tydings
Byrd	Hill	Nye	Vandenberg
Byrnes	Holman	O'Mahoney	Van Nuys
Capper	Holt	Overton	Wagner
Chavez	Hughes	Pepper	Walsh
Clark, Idaho	Johnson, Calif.	Pittman	Wheeler
Clark, Mo.	Johnson, Colo.	Radcliffe	White
Connally	King	Reed	Wiley

Mr. AUSTIN. I announce that the Senator from Oregon [Mr. McNARY] is absent because of illness, and that the Senator from Massachusetts [Mr. LODGE] is absent on public business.

I ask that this announcement stand for the day.

Mr. MINTON. I announce that the Senator from Virginia [Mr. GLASS] is absent because of illness.

The Senator from Arkansas [Mrs. CARAWAY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained.

The Senator from Rhode Island [Mr. GREEN], the Senator from New York [Mr. MEAD], the Senator from New Jersey [Mr. SMATHERS], and the Senator from Tennessee [Mr. STEWART] are absent on important public business.

The VICE PRESIDENT. Eighty-four Senators have answered to their names. A quorum is present.

ANNUITIES FOR CIVILIANS EMPLOYED IN CONSTRUCTION OF PANAMA CANAL—VETO MESSAGE (S. DOC. NO. 84)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying bill, referred to the Committee on InterOceanic Canals and ordered to be printed:

To the Senate:

I am returning herewith, without my approval, S. 50, an act "To provide for recognizing the services rendered by civilian officers and employees in the construction and establishment of the Panama Canal and the Canal Zone."

This bill, while extending the thanks of Congress to certain employees of the Panama Canal and the Canal Zone for services performed during the construction period, is designed primarily to grant such employees, whether active or retired, who rendered at least 3 years' service during such period, an annuity of 2 percent of their average salaries for the highest five consecutive years of Isthmian service, multiplied by the total years of such service, not exceeding 30. These annuities would be effective upon the employees' reaching the compulsory retirement age; upon being retired by reason of disability; or upon being retired after 30 years' service on the Isthmus.

The present law, providing annuities to civilian employees in the Canal Zone, effective July 1, 1931, was enacted after careful consideration, and not only gives special benefits to employees in the Canal Zone as compared with civilian employees subject to the Civil Service Retirement Act, but also gives special recognition and additional benefits to employees who served in the Zone during the construction period. Such latter employees are entitled, under the present law, to an additional annuity of \$36 for each year of construction service.

The Civil Service Commission, which is responsible for the administration of the Canal Zone Retirement Act, has informed me that it does not feel justified in recommending any further special recognition, by reason of service during the construction period, for this class of employees.

I appreciate the services rendered by these employees during the construction period, and it is with regret that I do not, for the reasons above stated, feel justified in giving this bill my approval.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, June 19, 1939.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Local No. 418, Farmers' Union, of Valier, Mont., favoring the prompt enactment of the bill (S. 2395) to amend the Agricultural Adjustment Act of 1938, as amended, which was referred to the Committee on Agriculture and Forestry.

He also laid before the Senate a resolution of Local No. 496 of the Minneapolis (Minn.) Federation of Adult Education Teachers, protesting against any curtailment of the W. P. A. program or its white-collar and professional projects, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the San Francisco (Calif.) Conference for Work and Security, protesting against the enactment of legislation depriving noncitizens of the right to work on Works Progress Administration projects, to deport certain noncitizens to concentration camps, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the San Francisco Conference for Work and Security and Local G-216, Workers' Alliance, both of San Francisco, Calif., favoring a deficiency appropriation for the Works Progress Administration of \$50,000,000 for the remainder of the fiscal year ending June 30, 1939, and a sufficient appropriation to provide an average of 3,000,000 public-works jobs for the fiscal year beginning July 1, 1939, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the Independent Voters League, of Columbus, Ohio, favoring the appropriation of sufficient funds to prevent lay-offs in the Works Progress Administration, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Council of the City of Los Angeles, Calif., favoring continuation during the next fiscal year of the Works Progress Administration program conducted under the conditions and regulations now in force, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Workers' Project Association, New Orleans, La., favoring an impartial investigation of the administration of the Works Progress

Administration in Louisiana whereby certain practices complained of may be corrected, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., favoring amendment of the National Labor Relations Act in several particulars at the present session of Congress, which was referred to the Committee on Education and Labor.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., favoring the enactment of the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, with certain suggested amendments thereto, which was referred to the Committee on Finance.

He also laid before the Senate a resolution of the Chamber of Commerce of Aurora, Ill., making sundry suggestions relative to amendment of pending tax legislation, which was referred to the Committee on Finance.

He also laid before the Senate the petition of Mrs. Jacob Lucking and others, of Hastings, Minn., praying for the enactment of neutrality legislation to keep the United States out of foreign entanglements and war, which was referred to the Committee on Foreign Relations.

He also laid before the Senate the petition of F. A. Hepp, of Tiffin, Ohio, praying for the enactment of neutrality legislation to keep the United States clear of foreign entanglements, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a letter in the nature of a petition from the board of directors of the Children's Bureau, of Dallas, Tex., praying for the enactment of pending legislation to permit refugee children from Germany to enter the United States, which was referred to the Committee on Immigration.

He also laid before the Senate a letter in the nature of a memorial from the Adair County (Mo.) Ministerial Association, remonstrating against the enactment of the so-called Hobbs bill, relative to the sentencing of aliens who cannot be deported to concentration camps, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution of Victory Lodge, No. 1233, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees, of Milwaukee, Wis., protesting against the enactment of the joint resolution (S. J. Res. 117) to provide for the pooling by railroads of their less-than-carload freight traffic, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate letters in the nature of petitions from the executive board of the New York Public Library Staff Association, and Randolph G. Adams, of the William L. Clements Library, University of Michigan, Ann Arbor, Mich., praying for the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

He also laid before the Senate letters in the nature of memorials from Margaret E. Quigley, Emerson Greenaway, and other members of the Fitchburg Public Library, of Fitchburg; J. L. Harrison, of the Forbes Library, of Northampton; and Hiller C. Wellman, librarian, City Library Association of Springfield, all in the State of Massachusetts, remonstrating against the confirmation of the nomination of Archibald MacLeish, of Connecticut, to be Librarian of Congress, which were referred to the Committee on the Library.

He also laid before the Senate a letter in the nature of a memorial from the Tulare County (Calif.) Farm Bureau, remonstrating against the enactment of legislation to create the Kings Canyon National Park in the State of California, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the executive committee, National Council of Administration, Regular Veterans' Association, Washington, D. C., favoring the enactment of pending legislation to establish a national park on the site of the Battle of Franklin in the State of

Tennessee, which was referred to the Committee on Public Lands and Surveys.

He also laid before the Senate a resolution adopted by the Council of the City of Bethlehem, Pa., favoring the prompt enactment of the bill (S. 591) to amend the United States Housing Act of 1937, and for other purposes, which was ordered to lie on the table.

Mr. HOLT presented petitions of sundry organizations of Keyser, W. Va., praying for the establishment of a National Guard unit in Keyser, W. Va., which were referred to the Committee on Military Affairs.

He also presented a resolution of the Chamber of Commerce, of Huntington, W. Va., favoring the enactment of House Joint Resolution 304, to terminate the tax on bituminous coal, which was referred to the Committee on Finance.

He also presented a resolution of the Chamber of Commerce of Huntington, W. Va., protesting against the enactment of legislation to establish a Federal Mine Inspection Service, which was referred to the Committee on Mines and Mining.

Mr. WALSH presented petitions of sundry citizens of the State of Massachusetts, praying for the appropriation of adequate funds to continue the Federal arts and so-called white-collar projects under the Works Progress Administration, which were referred to the Committee on Appropriations.

He also presented petitions of sundry citizens of the State of Massachusetts, praying that the United States do not participate in alleged Japanese aggressions, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of the State of Massachusetts, praying for the enactment of neutrality legislation to keep the United States out of war, which were referred to the Committee on Foreign Relations.

SUSPENSION OF IMMIGRATION

Mr. REYNOLDS presented a resolution of the Lions Club, of Tallahassee, Fla., which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

Whereas the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, has introduced or is about to introduce into the Congress of the United States measures to suspend all immigration to this country for a period of 10 years, or until every unemployed American is back at work, to deport every alien criminal in the United States and to require compulsory registration and fingerprinting of all aliens; and

Whereas at the present time there are several hundred thousand war veterans registered with employment officers throughout the country and who are seeking jobs which they are unable to find; and

Whereas it is deemed essential that every effort possible be made to relieve the unemployment situation in this country; and

Whereas the immigration of aliens to this country has, among other things, caused a large increase in the ranks of the unemployed and a large increase in crime, and has materially lowered the standard of living of our people; and

Whereas one of the most effective ways to cope with this undesirable situation is to suspend all immigration for a period of 10 years, or until every unemployed American is back at work, and deport all alien criminals, and to require the registration and fingerprinting of all aliens within the country: Now, therefore, be it

Resolved by the Lions Club of Tallahassee, Fla.:

1. That the bill which has been or will be shortly introduced in Congress by the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, to suspend all immigration to this country for a period of 10 years, or until every unemployed American is back at work, to deport all alien criminals in America, and to require the compulsory registration and fingerprinting of all aliens, be, and the same is hereby approved;

2. That the Honorable ROBERT R. REYNOLDS, United States Senator from North Carolina, be commended for his foresight and patriotism in sponsoring the above-mentioned measures; and

3. That a copy of this resolution be furnished to the following persons: Hon. ROBERT R. REYNOLDS, United States Senator from North Carolina; Hon. CLAUDE PEPPER and Hon. C. O. ANDREWS, United States Senators from Florida, and to each Member of the House of Representatives in the Congress from Florida.

REPORT OF BOARD OF VISITORS TO MILITARY ACADEMY

Mr. SHEPPARD. Mr. President, I present the report of the Board of Visitors from the Senate Committee on Military Affairs to the United States Military Academy and ask that it be published at this point in the RECORD.

There being no objection, the report was ordered to lie on the table and to be printed in the RECORD, as follows:

JUNE 16, 1939.

The Honorable MORRIS SHEPPARD,
Chairman, Committee on Military Affairs,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: Under authority contained in act of May 17, 1928, the following Senators were appointed members of the Board of Visitors to the United States Military Academy, Seventy-sixth Congress, first session: HARRY H. SCHWARTZ, LISTER HILL, BENNETT CHAMP CLARK of Missouri, WARREN R. AUSTIN, RUFUS C. HOLMAN.

Senators SCHWARTZ, AUSTIN, and HOLMAN visited the academy on April 28, 1939. Due to a prior engagement and illness, Senators HILL and CLARK were unable to accompany the Board.

The Board arrived at West Point at 9:30 a. m., April 28, and were met at Thayer Gate by the Superintendent, Brig. Gen. Jay L. Benedict, United States Army. As the party proceeded to post headquarters, the official salute of 17 guns was fired. At post headquarters additional honors were given the Board by the Second Squadron, Tenth Cavalry, and the United States Military Academy Band. The Senators were then escorted to the Superintendent's office, where the members of the academic board and administrative staff were met. An inspection of the headquarters offices and building, other buildings, and grounds followed.

INFORMATION REGARDING THE ACADEMY

The United States Military Academy is an institution established by the Government for the practical and theoretical training of young men for the military service. Cadets are given a comprehensive and general education of collegiate grade and a sufficient basic military education and training to enable them to pursue their careers as officers of the Army. Supervision of the Military Academy is vested by law in the War Department, under such officers as the Secretary of War may select.

Entrance requirements: Cadets on entrance must never have been married, must be between 17 and 22 years of age, citizens of the United States, physically qualified, and meet the educational qualifications.

Course: The course of study and training covers 4 years; the academic year, September 1 to June 4; the remainder of the year is spent in camp and devoted to military training. At the end of his second year at the academy a cadet is granted a furlough for about 10 weeks, which, outside of a few days during Christmas week of his second, third, and fourth years, is the only extended vacation he receives. Upon graduation he may be appointed as a second lieutenant in the Army.

Authorized number of cadets: Act of June 7, 1935, authorizes 1,960 cadets in number and from sources as follows:

6 from each State at large.....	288
3 from each congressional district.....	1,305
3 from each Territory (Hawaii and Alaska).....	6
5 from the District of Columbia.....	5
3 from natives of Puerto Rico.....	3
1 from Panama Canal Zone.....	1
172 from the United States at large (of these 3 are appointed by the Vice President, 40 are selected from honor military schools, and 40 from sons of veterans who were killed or died prior to July 2, 1921, of wounds or disease contracted during World War).....	172
180 from among the enlisted men of the Regular Army and of the National Guard, in number as nearly equal as practical.....	180
Total.....	1,960

Present enrollment of the corps of cadets

Sources of appointments	Authorized strength	Strength on Apr. 28, 1939
Senators (96).....	288	274
Congressmen (435).....	1,305	1,150
President.....	89	88
Vice President.....	3	3
Regular Army ¹	90	88
National Guard ¹	90	88
District of Columbia.....	5	5
Territories (2).....	6	4
Puerto Rico.....	3	3
Honor schools.....	40	37
Sons of officers died in World War.....	20	11
Sons of enlisted men died in World War.....	20	12
Panama Canal Zone (sons of civilians).....	1	1
Total.....	1,960	1,763
Philippine Islands (native Filipinos).....	4	4
Total.....	1,964	1,767
Foreign cadets (Ecuador).....		3
Total.....		1,770
First class.....		457
Second class.....		452
Third class.....		443
Fourth class.....		418
Total.....		1,770

¹ The Regular Army and National Guard, combined, are authorized a total strength of 180, "in numbers as nearly equal as possible."

Authorized number of cadets: Of the 1,960 cadets authorized, it was brought to the attention of the Board that the allotted number of 40 authorized for appointment from sons of officers and enlisted men who died in the World War has not been filled and that in the near future there will be no applicants under this category and that this allotment of 40 should be reallocated to other sources of appointment in order that the maximum capacity of the academy might be reached.

PROGRAM OF INSTRUCTION AND COURSE OF STUDIES

Program of the course of instruction:

First term, September 1 to December 23; 95 periods with Saturday recitations and 80 periods without Saturday recitations.

Second term, January 2 to June 4; 130 periods with Saturday recitations and 109 periods without Saturday recitations.

Semiannual examination, December 26 to 31.

Annual examination, June 5 to 12.

Academic day, 7:55 a. m. to 11:55 a. m. and 1 p. m. to 3 p. m.

Military exercises, all classes, from 3:15 p. m. to 4:15 p. m.

Supervised athletics, from 3:15 p. m. to 4:25 p. m.

Voluntary study hour and additional instruction, 5:10 to 6:10 p. m.

Class and subject	Attendance	Part	Hours
Fourth (first year):			
Mathematics.....	Whole class daily.....	Half.....	7:55 to 9:20 Sept. 1 to Jan. 31.
Do.....	do.....	do.....	9:30 to 10:55 Sept. 1 to Jan. 31.
Do.....	do.....	do.....	7:55 to 9:15 Feb. 1 to June 4.
Do.....	do.....	do.....	10:35 to 11:55 Feb. 1 to June 4.
Gymnasium.....	do.....	do.....	9:20 to 10:05 Sept. 1 to Jan. 31.
Do.....	do.....	do.....	10:55 to 11:40 Sept. 1 to Jan. 31.
Do.....	Half class daily alternating in attendance with drawing Feb. 1 to June 4.	Fourth.....	8:30 to 9:15 Feb. 1 to June 4.
Do.....	do.....	do.....	9:15 to 10:00 Feb. 1 to June 4.
Drawing.....	Half class daily alternating in attendance with gymnasium Feb. 1 to June 4.	do.....	7:55 to 9:15 Feb. 1 to June 4.
Do.....	do.....	do.....	9:55 to 11:15 Feb. 1 to June 4.
Laboratory.....	When ordered, half class daily alternating in attendance with gymnasium Feb. 1 to June 4.	do.....	7:55 to 9:55, Feb. 1 to June 4.
Do.....	do.....	do.....	9:55 to 11:55, Feb. 1 to June 4.
French.....	Half class daily except Saturday alternating in attendance with English.	do.....	1:00 to 2:00.
Do.....	do.....	do.....	2:00 to 3:00.
English.....	Half class daily except Saturday alternating in attendance with French.	do.....	1:00 to 2:00.
Do.....	do.....	do.....	1:00 to 2:00.
Third (second year):			
Mathematics.....	Half class daily alternating in attendance with physics.	do.....	7:55 to 9:15.
Do.....	do.....	do.....	10:35 to 11:55.
Physics.....	Half class daily alternating in attendance with mathematics.	do.....	7:55 to 9:15.
Do.....	do.....	do.....	10:35 to 11:55.
Laboratory.....	When ordered, half class daily alternating in attendance with mathematics.	do.....	7:55 to 9:50.
Do.....	do.....	do.....	10:00 to 11:55.
History.....	Half class daily alternating in attendance with French.	do.....	7:55 to 9:05.
Do.....	do.....	do.....	10:45 to 11:55.
French.....	Half class daily alternating in attendance with history.	do.....	7:55 to 9:05.
Do.....	do.....	do.....	10:45 to 11:55.
English.....	Half class daily except Saturday alternating in attendance with drawing.	do.....	1:00 to 2:00.
Do.....	do.....	do.....	2:00 to 3:00.
Drawing.....	Half class daily except Saturday alternating in attendance with English.	Half.....	1:00 to 3:00.
Second (third year):			
Philosophy.....	Whole class daily.....	do.....	7:55 to 9:15.
Do.....	do.....	do.....	10:35 to 11:55.
Laboratory.....	As ordered.....	As ordered.....	7:55 to 9:50.
Do.....	do.....	do.....	10:00 to 11:55.
Chemistry and electricity.....	Whole class daily.....	Half.....	7:55 to 9:15.
Do.....	do.....	do.....	10:35 to 11:55.
Laboratory.....	As ordered.....	As ordered.....	7:55 to 9:50.
Do.....	do.....	do.....	10:00 to 11:55.
Spanish.....	Half class daily except Saturday alternating in attendance with drawing Sept. 1 to Jan. 31; and with tactics Feb. 1 to June 4.	Fourth.....	1:00 to 2:00.
Do.....	do.....	do.....	2:00 to 3:00.
Drawing.....	Half class daily except Saturday till Jan. 31, alternating with Spanish.	Half.....	1:00 to 3:00.

Class and subject	Attendance	Part	Hours
Second (third year)—Con. Tactics	Half class daily except Saturday Feb. 1 to June 4, alternating with Spanish.	Fourth	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
First (fourth year): Engineering	Whole class daily	Half	7:55 to 9:15.
Do	do	do	10:35 to 11:55.
Ordnance and gunnery	Half class daily alternating with economics and government.	Fourth	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Laboratory	As ordered	As ordered	7:55 to 9:50.
Do	do	do	10:00 to 11:55.
Economics and government	Half class daily except last 28 days of spring term (see Hygiene).	Fourth	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Hygiene	Replaces economics and government for last 28 days of spring term. Replaces tactics for 16 periods beginning about Jan. 17.	do	7:55 to 9:05.
Do	do	do	10:45 to 11:55.
Law	Half class daily except Saturday alternating in attendance with tactics and riding.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.
Tactics and riding	Half class daily except Saturday alternating in attendance with law.	do	1:00 to 2:00.
Do	do	do	2:00 to 3:00.

Riding periods are 50 minutes each. For lectures and practical exercises in the afternoon periods, replacing the assigned recitation periods, law has half class from 1:45 to 3:00. For applicatory instruction in section room without study preparation the class attends in law or tactics from 1:00 to 3:00.

Schedule of calls in barracks Dec. 1 to Apr. 30

(First call 5 minutes before assembly except for reveille and evening call to quarters when first call is 10 minutes before assembly)

Reveille roll call, week days, assembly	6:00 a. m.
Sundays and holidays, assembly	7:00 a. m.
Police call, week days	6:20 a. m.
Sundays and holidays	7:20 a. m.
Breakfast roll call, week days, assembly	6:30 a. m.
Sundays and holidays, assembly	7:30 a. m.
Sick call—immediately after breakfast at Washington Hall.	
Call to quarters, daily, except Sundays and holidays	7:15 a. m.
Week days, except Saturdays	1:00 p. m.
Daily	7:15 p. m.
Dinner roll call, daily, except Sundays and holidays, assembly	12:10 p. m.
Sundays and holidays, assembly	12:30 p. m.
Review and inspection, Saturdays, inspection only in inclement weather, assembly	1:10 p. m.
Formal guard mounting when review is held, assembly 10 minutes after dismissal of last company from inspection (informal when no review).	
Release from quarters, daily, except Saturdays, Sundays, and holidays	3:00 p. m.
Drill, daily, except Wednesdays, Saturdays, Sundays, and holidays, assembly	3:15 p. m.
Recall from drill	4:15 p. m.
Retreat	4:15 p. m.
Supper, daily	6:20 p. m.
Tattoo, daily	9:30 p. m.
Taps, first	10:00 p. m.
Taps, second	10:30 p. m.
On occasions of general entertainment, first taps will be sounded 20 minutes after the close of the event and second taps 30 minutes after first taps.	
Church on Sundays:	
Catholic chapel, assembly	7:30 a. m.
Early cadet chapel, 1 battalion	8:35 a. m.
Cadet chapel Sunday-school teachers, assembly	9:15 a. m.
Cadet chapel choir, second, third, and fourth classes	9:25 a. m.
Cadet chapel choir, first class	9:50 a. m.
Cadet chapel, assembly	10:40 a. m.

Effective at reveille, Apr. 30, 1939, the following hours for assembly for roll calls and other duties of cadets, except academic duties and instruction went into effect

IN BARRACKS

	Week days	Saturdays	Sundays	Holidays
First call 5 minutes before assembly, except for reveille and evening call to quarters when first call is 10 minutes before assembly				
Reveille	6:00 a. m.	6:00 a. m.	7:00 a. m.	7:00 a. m.
Police call	6:20 a. m.	6:20 a. m.	7:20 a. m.	7:20 a. m.

Effective at reveille, Apr. 30, 1939, the following hours for assembly for roll calls and other duties of cadets, except academic duties and instruction went into effect—Continued

	Week days	Saturdays	Sundays	Holidays
Breakfast	6:30 a. m.	6:30 a. m.	7:30 a. m.	7:30 a. m.
Sick call: Immediately after breakfast at Washington Hall.				
Call to quarters	7:15 a. m.	7:15 a. m.		
	1:00 p. m.			
	7:15 p. m.	7:15 p. m.	7:15 p. m.	7:15 p. m.
Dinner	12:10 p. m.	12:10 p. m.	12:30 p. m.	12:30 p. m.
Review and inspection (inspection only in inclement weather)		1:10 p. m.		
Guard mounting when review is held, assembly 10 minutes after dismissal of last company from inspection.				
Release from quarters	3:00 p. m.			
Drill, except Wednesdays	3:15 p. m.			
Recall from drill	4:15 p. m.			
Parade, except Wednesdays	4:35 p. m.			
Parade			5:30 p. m.	
Retreat, when no parade	5:30 p. m.	5:30 p. m.	5:30 p. m.	5:30 p. m.
Supper	6:20 p. m.	6:20 p. m.	6:20 p. m.	6:20 p. m.
Tattoo	9:30 p. m.	9:30 p. m.	9:30 p. m.	9:30 p. m.
Taps:				
First	10:00 p. m.	10:00 p. m.	10:00 p. m.	10:00 p. m.
Second	10:30 p. m.	10:30 p. m.	10:30 p. m.	10:30 p. m.
On occasions of general entertainment, first taps will be sounded 20 minutes after the close of the event and second taps 30 minutes after first taps.				
Church on Sundays:				
Catholic chapel			7:30 a. m.	
Jewish chapel			7:30 a. m.	
Early Cadet chapel (3 companies)			8:35 a. m.	
Sunday-school teachers			8:35 a. m.	
Choir (A squad)			9:25 a. m.	
Choir (B squad)			10:15 a. m.	
Cadet chapel			10:40 a. m.	

Pay, uniform, and supplies: The pay of a cadet is \$780 per year and commutation of rations at 75 cents per day, a total of \$1,053.75. Upon admission, a cadet deposits \$300. This amount, together with his salary, is sufficient to meet his actual needs at the academy. Cadets are required to wear the prescribed uniform. All articles of their uniform and equipment, including bedding, shoes, and underwear, are of a designated pattern and are sold to cadets at regulated prices.

Academic duties: There are two terms of academic instruction: September 1 to December 23, and January 2 to June 4. A semi-annual examination is held December 26 to 31, and an annual examination June 5 to 12. At the December examination cadets who are found to be proficient in subjects they have completed during the preceding term are arranged according to merit in each subject. At the June examination they are similarly arranged and they are also assigned general standing in the class as determined by their standings in the various subjects. Cadets deficient in studies at any examination are discharged from the academy unless for special reasons the academic board recommends otherwise.

Total military personnel, United States Military Academy, as of midnight Apr. 26, 1939

Enlisted organizations	Strength today	Authorized detached enlisted men's list	Authorized staff troops	Authorized line troops
Medical and veterinary	99		100	
Eleventh Ordnance Service Company	50		50	
Detachment Quartermaster Corps	47		50	
Company E, Twenty-second Quartermaster Regiment	52		50	
Company A, Thirty-third Quartermaster Regiment	17		18	
Second Squadron, Tenth Cavalry	228			229
U. S. Military Academy Air Corps detachment	14			14
Staff, noncommissioned officers	9	9		
U. S. Military Academy Band	67	68		
Field music detachment	29	29		
Engineer detachment	96	95		
Service detachment	220	220		
Field Artillery detachment	198	188		
Coast Artillery detachment	32	30		
Military Police detachment	71	72		
Signal detachment	38	37		
Total	1,267	748	268	243

Authorized strength:	
Staff Corps	268
Detached enlisted men's list	748
Line organizations	243
Total authorized enlisted strength	1,259
Authorized strength, U. S. Corps of Cadets	1,960

SUMMARY—ACTUAL STRENGTH

Officers.....	1,288
Cadets.....	1,770
Nurses.....	12
Warrant officers.....	2
Civilian instructors.....	8
Teacher of music.....	1
Civilian chaplain.....	1
Enlisted men.....	1,267
Attached enlisted (from H Troop, Tenth Cavalry).....	1
Aggregate.....	3,350
Public animals	
Cavalry horses.....	243
Cavalry mule.....	1
Field Artillery horses.....	108
Field Artillery mules.....	3
Total public animals.....	355

¹The actual officer strength includes 2 constructing Quartermaster officers; 5 language students abroad; 1 retired officer on active duty as librarian, United States Military Academy; and 1 aide-de-camp, which are not charged to the authorized strength of 279.

COMMENTS OF BOARD

The Board appreciates that a visit of 1 day, with hurried inspections, and a limited time for conference, did not fully qualify the members to speak authoritatively on matters pertaining to the academy. What the Board did see and hear is still vivid in their memory and they were favorably impressed with the administration of the academy as carried on by the present Superintendent.

Buildings and grounds: The buildings and grounds of the academy are maintained at a high standard and at a minimum cost. Construction of buildings has been confined mostly to stone and are fireproof. The style of architecture, the location of buildings, and arrangement of the grounds impresses everyone with its beauty.

ACQUISITION OF ADDITIONAL LANDS

Acquisition of 15,000 acres of land for the expansion of the West Point Military Reservation was authorized by act of March 31, 1931, and funds for this purpose were appropriated in the fiscal years 1937 and 1938.

Located within the area originally considered for acquisition are several areas of approximately 966.53 acres of land, more or less, under the control of the Palisades Interstate Park Commission, which the Government desires to transfer to the West Point Military Reservation, and in exchange therefor 302 acres now part of the West Point Military Reservation, to be transferred to the Palisades Interstate Park Commission as partial payment for the 966.53 acres of land. The value of the 966.53 acres for the purpose of exchange is \$43,916.21 and the value of the 302 acres is \$19,695.01.

The Palisades Interstate Park Commission is a joint corporate instrumentality of the States of New York and New Jersey, and the legislatures of both these States have passed enabling legislation authorizing the conveyance of park lands to the United States.

The 302 acres now belonging to the military reservation can be readily spared, providing the War Department retains full control of the waters of Popolopen Creek, which is entirely agreeable to the park commission. This acreage comprises a portion of a tract segregated from and at a considerable distance from West Point proper, and protection from forest fires and preservation of wildlife thereon have always been more or less difficult matters of administration for the West Point authorities.

In the exchange of these parcels of land the Federal Government has introduced H. R. 3131, which proposes to authorize the Secretary of War to act in this contemplated exchange.

Upon return of the visiting committee to Washington, it advised the Senate Military Affairs Committee that they approved the proposed exchange of land.

THE CADET LAUNDRY

The authorities at the academy brought to our attention the obsolescence and inadequacy of the cadet laundry. It is estimated that it would cost about \$290,000 to rehabilitate this laundry unit and enlarge it to present cadet needs. This cost includes \$150,000 for an additional building and a new power plant and \$140,000 to modernize the laundry machinery.

General Benedict, Superintendent of the Academy, at our request submitted the following more detailed information in reference to the present laundry and actual need for enlargement, advising, however, that specific recommendation for legislation was for the War Department.

"The plant is 21 years old, having been constructed from appropriated funds in 1918. Most of the machinery was installed at Government expense during the period 1918 to 1921, inclusive. Since that time no Government funds have been appropriated for the upkeep or improvement of the laundry. This work, except for routine building repairs, has been taken care of out of receipts which come almost entirely from cadet patrons.

"The obsolescence of the material is due to its age, as indicated in the preceding paragraph. Much of the present machinery is more than 20 years old. It is inefficient, there are frequent delays from break-downs, and the quality of work cannot be maintained at modern standards.

"The capacity of the plant to meet current demands is below that necessary for efficient operation. The laundry was planned when the strength of the corps was one-half of what it is today. With the increase in the Corps of Cadets there has been a corresponding increase in the whole plant at West Point, causing a corresponding increase in the laundry work done for officers, the hospital, and the cadet mess.

"The plant is badly overloaded. The building is too small. There are not sufficient toilets and washrooms for the personnel. There is no rest room nor is there a place to provide tables at which the personnel can eat their lunches. The available floor space is overloaded with machinery, making it necessary to fill aisle ways with trucks of laundry. The power plant is antiquated, and, although modernized with new grates and driven to capacity, it fails to furnish enough steam to operate the necessary laundry machinery, causing considerable loss of time.

"The modernization of the power plant, the addition to the present building, and the installation of modern machinery will reduce the operating cost approximately 20 percent, or \$20,000 a year, by savings in coal, elimination of a second shift, increase in output, and saving in repairs and overtime labor."

ORDNANCE COMPOUND AND PERSONNEL

Enlisted men of the ordnance detachment at the academy now live in very close quarters, and your committee was informed that these quarters do not have the space prescribed by Army regulations. At our request the Superintendent submitted the following statement of plans and needs to remedy this situation:

"The old ordnance compound was constructed in 1840 and is one of the old landmarks at West Point. In the compound are the shops for the maintenance of ordnance materiel on the post, the laboratory for the practical instruction of cadets in ordnance, and the sleeping and messing quarters for the enlisted members of the ordnance detachment. The expansion of the Cadet Corps has caused the compound, like so many of the other utilities on this post, to be very materially outgrown. The plumbing in the compound is antiquated, and the bathing and toilet facilities are wholly inadequate. However, the new ordnance and engineering laboratory, which is nearly completed, will furnish adequate space for the laboratory and shop requirements. The compound will thus be relieved of the necessity of providing any space except for the administration, quartering, and messing of the detachment personnel. Before this can be done, material changes will be necessary to convert the shops into living quarters, and to provide adequate kitchen, messing, recreation, and toilet facilities. The present heating plant is insufficient to provide for the entire compound, and an extension to the steam tunnel which runs from the post powerhouse to the new laboratory, will have to be made. Partitions, floors, doors, new windows, etc., make up the remainder of the remodeling project. The only other means of providing these accommodations would be by constructing new barracks at considerably greater cost."

A NEW AUDITORIUM

In the course of our inspection at the academy your committee was impressed with the need for a large auditorium so designed as to be adapted to serve for (1) an additional memorial hall, (2) an auditorium adequate in size to accommodate the officers and Cadet Corps and their visitors, suitably appointed for motion pictures, lectures, dramatics, concerts, graduation exercises, etc., as well as a hall adequate in size and suitably equipped for cadet hops and entertainments requiring large floor space; for receptions and general gatherings of the post personnel. We speak only of this need, leaving to the Army and the Congress to consider how soon such building shall be provided. We are moved to this recommendation for the following reasons:

First. The beautiful building known as Cullum Memorial Hall (essentially an assembly hall with a small stage) was completed in 1896, erected with funds provided by the will of General Cullum. This building will, of course, continue to be maintained—to the extent of its capacity, for memorial purposes, with its wall inscriptions, trophies, flags, and memorial tablets portraying the deeds of our armies and Military Academy graduates and nongraduates up to and including the War between the States. Already the wall space is crowded. There is no room in this building for additional memorials related to those earlier wars or to the Spanish-American War and the World War. It seems most fitting that, in addition to its utilitarian purposes, the suggested new building should contain these additional memorials which will carry forward to our own time those silent testimonials of our armies' heroic dead which in Cullum Memorial Hall begin with Revolutionary days.

Second. Cullum Memorial Hall floor space is inadequate to accommodate present Cadet Corps and personnel (without mentioning visitors) as a theater, assembly hall, or for graduation exercises. The stage is small. Such necessary accommodation as seats, cloakrooms, and toilet facilities are absent. The lighting and ventilation are poorly adapted for such purposes; acoustics are poor. Using a single room for winter sports, a band concert, or moving-picture show, and a cadet hop, often within a single day by different classes, and necessitating placing and removing of chairs and benches is unsatisfactory and uneconomical. Let it be stated here that there is in probability no institution of higher education or technical training in America where hours of study and technical practical application are as long or as severe as those required of the Cadet Corps at West Point. This is due to

the necessity of completing the prescribed course in 4 years plus the ever-increasing technical demands of Army-officer education and preparation for actual duty. First-year cadets are permitted no vacation, and second-year classmen are allowed only a limited number of days off duty during Christmas holidays. In view of these facts, your committee is of opinion the social and cultural aspects of cadet life are of sufficient importance to be adequately provided for without recourse to those makeshift and unsatisfactory expedients which make a bad impression not only on cadets but upon the constantly increasing number of our citizens who visit the Military Academy.

At present, some of the more largely attended social and instructional meetings are of necessity held in the gymnasium's largest room. This gym room is without seats, gallery, or stage, or available cloakroom or toilet facilities. These latter needed accommodations may, indeed, be found engaged in athletic training or contests.

Inquiry discloses this needed new building is not now in the War Department construction program. We believe the War Department should submit to Congress a report on the need and uses for this additional building, a plan therefor, and an estimate of its cost.

Mess hall waiters: The waiters in the mess hall have been unclassified civil-service employees since 1922. However, in accordance with Executive Order No. 7916, dated June 24, 1938, they will be brought into the civil service as of February 1, 1939. Work has progressed on the project of blanketing these men into the civil service and the present status is as follows:

All employees in the mess hall who are entitled to civil-service classification have completed papers and these papers have been forwarded to the administrative assistant in Washington. About 25 of this group are not entitled to civil-service classification directly in view of the fact that they were not employees of the Government on February 1, 1939. The applications for examinations of this group have been forwarded to the district manager in New York City.

As soon as the foregoing work of classification has been completed, the waiters will be entitled to the 26-day annual leave and 15-day sick leave privileges which other civil-service employees enjoy. They also will be eligible for retirement under existing regulations. Funds have been requested by a deficiency appropriation for the 1940 Budget to permit leave replacements and to bring all waiters receiving less than \$60 a month up to that figure. In the meantime it is believed that leave can be taken care of by close supervision in the mess.

Review of cadets: Due to inclement weather and wet field, it was not considered desirable for the corps to parade on the plain where reviews generally are held. However, a review for the Board was held in the quadrangle of the north barracks where the maneuvering space was limited and where it appeared to the Board impracticable to assemble 1,800 cadets. The review was an inspiring sight and the maneuvering of the companies upheld their reputation.

Academic work: The Board believes that the program of instruction and course of studies as now pursued at the academy meet all requirements at the present time. The keen interest and enthusiasm displayed by cadets in the laboratories and classrooms; their quick response and logical answers to problems and questions given them by instructors demonstrated the thoroughness and practicability of instruction.

Cadet mess: This activity gave evidence of careful and efficient management. Members of the Board were very much impressed with the system of accounting for stores in the storerooms and kitchen. Food stores are carefully accounted for when received, stored, and issued, thus insuring against loss and waste. The system enables the keeping of a perpetual inventory of stores on hand. The appearance of the kitchen, including the utensils and equipment, and the efficiency displayed by the cooks, bakers, and other assistants, gave evidence of careful supervision in the preparation of food. Waiters and other mess attendants were neat and clean in their attire. The food served at the noon meal was tasty and wholesome. The Board enjoyed the experience of having lunch with the cadets. After observing the corps assemble outside the mess hall and enter the building, each Senator was assigned to a table with nine cadets, including some from their respective States. Cadets normally are seated 10 to a table with an equal number from each class at a table. One civilian waiter serves the food for three tables and the service at the table is carried on by the cadets.

H. H. SCHWARTZ,
WARREN R. AUSTIN,
RUFUS C. HOLMAN,
Board.

REPORTS OF COMMITTEES

Mr. GILLETTE, from the Committee on Agriculture and Forestry, to which was referred the bill (H. R. 5625) to regulate interstate and foreign commerce in seeds; to require labeling, and to prevent misrepresentation of seeds in interstate commerce; to require certain standards with respect to certain imported seeds; and for other purposes, reported it without amendment and submitted a report (No. 611) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H. J. Res. 247) to provide minimum national allotments for cotton, reported it with an amendment.

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 507) to provide allowances for inactive-status training and for uniforms and equipment for certain officers of the Officers' Reserve Corps, reported it with amendments and submitted a report (No. 612) thereon.

Mr. HILL, from the Committee on Military Affairs, to which was referred the bill (S. 1672) authorizing the Secretary of War to permit Salt Lake City, Utah, to construct and maintain certain roads, streets, and boulevards across the Fort Douglas Military Reservation, reported it without amendment and submitted a report (No. 613) thereon.

Mr. HOLMAN, from the Committee on Military Affairs, to which was referred the bill (S. 2316) for the relief of Emil Navratil, reported it with an amendment and submitted a report (No. 614) thereon.

He also, from the same committee, to which was referred the bill (S. 2370) for the relief of Corinne W. Bienvenu (nee Corinne Wells), reported it without amendment and submitted a report (No. 626) thereon.

Mr. SLATTERY, from the Committee on Military Affairs, to which was referred the bill (S. 2467) authorizing cash relief for certain employees of the War and Navy Departments in the Canal Zone not coming within the provisions of the Civil Service Retirement Act, reported it without amendment and submitted a report (No. 615) thereon.

He also, from the same committee, to which was referred the bill (S. 2174) to provide for the appointment of James W. Grose as a sergeant, 1st class (master sergeant), United States Army, reported it with an amendment and submitted a report (No. 625) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 1032) to amend the act entitled "An act to provide conditions for the purchase of supplies and the making of contracts by the United States," and for other purposes, reported it with an amendment and submitted a report (No. 616) thereon.

Mr. LUCAS, from the Committee on Agriculture and Forestry, to which was referred the joint resolution (H. J. Res. 248) to provide minimum national allotments for wheat, reported it without amendment.

Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 95) directing a study of the telegraph industry in the United States (submitted by Mr. WHEELER on March 8, 1939), reported it with an additional amendment.

He also, from the same committee, to which was referred the resolution (S. Res. 131) to investigate the administration of J. Ross Eakin as superintendent of the Great Smoky Mountains National Park (submitted by Mr. McKELLAR on May 16, 1939), reported it without additional amendment.

Mr. VAN NUYS, from the Committee on the Judiciary, to which were referred the following bill and joint resolution, reported them each without amendment and submitted reports thereon:

S. 521. A bill for the incorporation of the Ladies of the Grand Army of the Republic (Rept. No. 618); and

H. J. Res. 133. Joint resolution authorizing the President of the United States of America to proclaim October 11, 1939, General Pulaski's Memorial Day for the observance and commemoration of the death of Brig. Gen. Casimir Pulaski (Rept. No. 619).

Mr. O'MAHONEY, from the Committee on Public Lands and Surveys, to which was referred the bill (S. 163) directing the Secretary of the Interior to issue to Albert W. Gabbey a patent to certain lands in the State of Wyoming, reported it without amendment and submitted a report (No. 620) thereon.

He also, from the same committee, to which was referred the bill (S. 878) to amend the act of August 26, 1937, reported

it with an amendment and submitted a report (No. 621) thereon.

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2227. A bill for the relief of John B. Jones (Rept. No. 622); and

H. R. 2310. A bill to provide national flags for the burial of honorably discharged former service men and women (Rept. No. 617).

Mr. GURNEY, from the Committee on Military Affairs, to which was referred the bill (S. 2336) to authorize an exchange of lands at the Fort Francis E. Warren Military Reservation, Wyo., reported it with an amendment and submitted a report (No. 623) thereon.

He also, from the same committee, to which was referred the bill (S. 1723) to correct the military record of George M. Ruby, reported it without amendment and submitted a report (No. 624) thereon.

Mr. THOMAS of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H. R. 3796) to extend the period of restrictions on lands of the Quapaw Indians, Oklahoma, and for other purposes, reported it without amendment and submitted a report (No. 627) thereon.

Mr. SHIPSTEAD, from the Committee on Indian Affairs, to which was referred the bill (H. R. 3248) authorizing a per capita payment of \$15 each to the members of the Red Lake Band of Chippewa Indians from the proceeds of the sale of timber and lumber on the Red Lake Reservation, reported it without amendment and submitted a report (No. 628) thereon.

SURVEY OF EXPERIENCES IN PROFIT SHARING AND POSSIBILITIES OF INCENTIVE TAXATION (REPT. NO. 610)

Mr. VANDENBERG. Mr. President, on behalf of the distinguished senior Senator from Iowa [Mr. HERRING], who is necessarily absent today, and on my own behalf, I submit the final report of the special Senate committee, a subcommittee of the Committee on Finance, which has spent the past 12 months investigating profit sharing and incentive taxation.

In this connection I wish to make a brief statement on my own account.

This investigation proceeded under the terms of a resolution of mine, Senate Resolution 215, Seventy-fifth Congress, which the Senate adopted 1 year ago. The Senator from Iowa [Mr. HERRING] was named chairman of the inquiry. I want to express my great personal gratitude to him for his splendid, sympathetic, and effective cooperation in pursuit of this quest. It has been scrupulously nonpartisan from start to finish. We have developed no profit-sharing panacea. We are specifically reporting that this country is too large and too complex, and its industry is entirely too diversified, to admit of any compulsory, standardized profit-sharing formula. But we have, for the first time, authentically mobilized the far-flung experience of American industry with various forms of profit sharing. We have found that under appropriate circumstances and attitudes profit-sharing systems between employers and employees are often making tremendously useful contributions to equitable and pacific employment relationships and to wholesome commercial democracy. We have found that there is a vast opportunity for the helpful expansion of the profit-sharing ideal. It deserves every possible encouragement.

We submit to the Senate, pursuant to its instructions, our complete report, representing many weeks of hearings and many months of analysis. We also submit the report to American industry and business for their enlightened study and for their voluntary use in the intelligent pursuit of happier, more equitable, and more efficient employee relationships.

I ask that the report, and its accompanying hearings, may be appropriately filed and printed, with illustrations.

The VICE PRESIDENT. Without objection, the report will be received, filed, and printed, with illustrations.

Mr. VANDENBERG. In this connection I ask that there be printed in the RECORD the joint statement made by the

Senator from Iowa [Mr. HERRING] and myself, which is found in the first six pages of the report.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The statement is as follows:

AUTHORITY AND OBJECTIVES OF THIS SURVEY

The Senate of the United States, in the third session, Seventy-fifth Congress, adopted Senate Resolution 215, introduced by Senator ARTHUR H. VANDENBERG, of Michigan, the preamble of which stated:

"Whereas the maintenance of the profit system is essential to the preservation of the competitive capitalistic system under which the United States has attained the largest measure of general economic welfare enjoyed by any people in the world; and

"Whereas the exploration of all available means for extending the direct benefits of the profit system to the largest possible number of citizens is highly desirable and important."

The resolution authorized and directed a complete study of all existing profit-sharing systems, between employers and employees, now operative in the United States with a special view—

"(a) to the preparation of an authentic record of experience which may be consulted by employers who are interested in voluntarily establishing profit-sharing plans;

"(b) to the consideration of what advisable contribution, if any, may be made to the encouragement of profit sharing by the Federal Government, including the grant of compensatory tax exemptions and tax rewards when profit sharing is voluntarily established;

"(c) to the consideration of any other recommendations which may prove desirable in pursuit of these objectives."

This committee has concluded the labors assigned to it and submits the following committee report together with statistical tables, industrial charts, and other material prepared by the committee staff. It takes no responsibility for the staff report which is presented solely in the nature of testimony, just as the free testimony of other witnesses is presented.

Particular attention is called to the authoritative résumé of the facts with regard to the history of profit sharing, which was made a part of the hearings of this committee, and therefore is not reproduced in the present text, although valuable and worthy of thoughtful consideration.

In interpreting the data and appraising the value of the factual material herein presented, it is of first importance to remember that the statistical tables and industrial charts are to be construed merely as providing a dependable gauge as to various and probable results, and while prepared with great care from reliable sources of information, they are often subject to the usual limitations of all statistics. As used, the data are intended to be illustrative of relative changes in the factors discussed rather than absolute measures of the values expressed.

Under authority of Senate Resolution 215, we have undertaken a limited but thorough investigation of businesses throughout the United States having industrial relations policies with profit sharing and other extra compensation and employee benefit plans.

The appropriation for the survey was insufficient to undertake a canvass of each of the estimated 2,000,000 businesses throughout the country. While our research has thus been limited, we cannot feel justified in seeking an additional appropriation, which, if granted and expended, could only augment the statistical and other factual data already available, and confirm, from a wider investigation of business enterprises, the facts herein presented.

The results are sufficiently tangible and cover enough businesses in various types of industry to justify, we believe, drawing certain definite conclusions with respect to industry generally, and the further conclusion that the experience of those concerns, which we have thoroughly investigated serves as a dependable yardstick by which like businesses having somewhat similar conditions may be measured.

The survey was conducted in a spirit of mutual helpfulness without the issuance of a single subpoena, or recourse to any arbitrary means to secure the necessary information.

No authentic list of profit-sharing concerns being available beyond the few outstanding companies famous for their satisfactory employee-relations policies, it was necessary to invite the cooperation of local banks, insurance companies, service clubs, chambers of commerce, farm and labor organizations, and citizens in various cities and towns in the preparation and final compilation of such list.

Busy workers and executives alike gave of their time and thought unremittently, in their desire to serve the committee and to enable it to accomplish the objects of the survey. Our grateful acknowledgment and thanks are here expressed to each and every one of those who have rendered assistance in the successful conduct of the survey and the preparation of this report.

The several thousand firms with which we have communicated have accorded us every possible consideration. The policy of good will which was shown toward us was found to prevail throughout the business establishments and was reflected in the contented efficiency of the workers with whom we came in contact.

Our efforts have been directed to fact finding, rather than fault-finding, and we have received from business executives and employees complete cooperation in precisely that spirit.

Pursuant to instructions under the resolution, we have sought to ascertain the number of concerns throughout the United States operating a profit-sharing or extra-compensation and employee-benefit

plan of some kind, and to learn all pertinent facts relating to management, personnel policies, and employee relations, particularly in relation to the public welfare.

Without prejudice for or against any specific program or plan of employee relations, we have collected, collated, and analyzed all important facts, information, and opinion.

We submit in the following pages, in as simple and intelligible form as possible, the results of our research. We realize that this information is complete only insofar as it relates to businesses which we have investigated and data which we have accumulated. The conclusions offered are based upon our digest and analysis of that material. It should be accepted merely as pointing the way to a better understanding of the problems of business and as presenting a possible formula by which to meet some of the more pressing questions in the field of employer-employee relations as they affect the general welfare and the national economy.

The staff report is the free report of the staff itself. The committee commits itself only to its own report herewith. It cordially commends the observations of the staff to the consideration of American public opinion. It expresses its great appreciation for the faithful, painstaking work which the staff has done, and hopes for the widest possible distribution of the facts, observations, and conclusions which are herewith presented.

We further express the belief that these documents should stimulate far-flung interest in the examination and adoption of some one of the many various plans which, according to testimony produced herewith, have proved so successful.

This committee recommends no legislation whatever, but in this factual report will be found material of more concrete benefit to employer and employee than might be contained in volumes of legislation. If the committee and its staff had done nothing more than provide this authentic record of American experience with various types of employer and employee benefit relations, broadly classified as "profit sharing," we are convinced that its labors would have been more than justified.

Witnesses representing both employer and employees were heard in public hearings in respect to a wide variety of social-minded relations and in reference to employer and employee benefit systems.

In addition to these hearings, schedules of information have been obtained from industry throughout the entire United States. The transcript of these hearings and the analysis of both hearings and schedules of information by the committee's staff of experts provide the most complete and authentic information ever made available in the United States for the study of industry and labor in respect to this subject. Both the hearings and the analysis are made a part of this report.

The economic life of America is beset by a series of extremely complex problems, of which a fair and equitable distribution of the fruits of industry is one.

It would be unreasonable to assume that profit sharing could either be standardized or solve all of the problems confronting industry. That it is a very real step in the right direction is indicated by the reports of companies employing a successful plan as contrasted with the experience of business concerns having no profit-sharing plans, which have been afflicted by recurring labor disorders.

The profit-sharing theory provides a rational method for dividing the fruits of industry at the source where wealth is created. Each participant is rewarded in proportion to his contribution. By that device numerous persons are invested with economic independence and come into the possession of that measure of material substance which in turn not only encourages but enables them to expand their economic interests, thus creating new and added community values and providing larger opportunities and incentives for others to duplicate their performance.

Individual responsibility is the cornerstone of any sound profit-sharing system.

Profit sharing with employees is not profit sharing unless a fair and just wage is paid before there is a division of net profits, and, technically speaking, the share should be a percentage or sum fixed in advance.

These results, it should be added, are not automatic. There are successful profit-sharing systems and there are also unsuccessful systems. The employer who explores the subject should carefully study the detailed exhibits presented by the committee in conjunction herewith. They point the dangers as well as the advantages. Profit sharing will not succeed if undertaken by the employer as a substitute for the full, going wage in any given enterprise in any community. If thus undertaken, it is a libel on true profit sharing, because true profit sharing is the employee's stake in the net result of a mutual undertaking after normal wages have been paid. Profit sharing will not succeed if undertaken by the employer as a sudden, strategic alternative to unionism or to legitimate collective bargaining as established by law. It must develop by mutual consent. It must contemplate the full, free disclosure of facts respecting the profit operations of an enterprise. Wherever possible, it should develop out of mutual consideration and mutual action.

It is conceivable that without one single piece of legislation industry may reassert its leadership and demonstrate its ability to run itself, through voluntarily placing itself under that measure of self-discipline which will make restrictive measures on the part of government unnecessary. It is well within the power of the industrial leaders of any community to undertake the establishment of a profit-sharing plan, coupled with a program of reabsorbing into private enterprise such workers as are now available as employ-

ables, and by the intelligent coordination of effort turn into a community asset tomorrow that which stands as a liability today.

The selection of the plan is an important consideration. Good faith is the essence of any contract. Profit sharing, entered into wholeheartedly by both sides, with a sincere determination on the part of both employer and employee to do his share, will produce results the value of which can be estimated in tangible figures at the end of every fiscal year.

Nor is profit sharing restricted to companies already making a profit, as is popularly believed. The experience of various business concerns reveals that profit sharing has been employed to carry companies out of the red and into the black by securing that measure of enthusiastic cooperation and contented efficiency which is the direct result of a belief on the part of the workers that they will not only be treated fairly by their employers but that they have a material and predetermined interest in the results of the efforts of both workers and management.

It would be folly to assert that a profit-sharing plan without proper management and without absolute sincerity in administration would produce the favorable results which have been found to exist in such companies as Procter & Gamble, Eastman Kodak, Sears-Roebuck, Westinghouse, Joslyn, Nunn-Bush, Jewel Tea, and several hundred other companies whose profit-sharing plans and experience over a long period of years we have carefully studied.

In the committee's opinion there is no standard profit-sharing formula which can be uniformly applied to all American industry and commerce, although there are a few general principles which are rather constant in all successful profit-sharing systems.

The committee finds that profit sharing, in one form or another, has been and can be eminently successful, when properly established, in creating employer-employee relations that make for peace, equity, efficiency, and contentment. We believe it to be essential to the ultimate maintenance of the capitalistic system. We have found veritable industrial islands of "peace, equity, efficiency, and contentment," and likewise prosperity, dotting an otherwise and relatively turbulent industrial map all the way across the continent. This fact is too significant of profit-sharing's possibilities to be ignored or depreciated in our national quest for greater stability and greater democracy in industry.

The profit-sharing ideal, as an ideal, is invincible. The subjoined hearings and analysis present indisputable evidence to sustain this contention.

We are of the opinion that while profit sharing (and we continue to use the term in its broadest sense) may not be practical in its application to all employer-employee relationships, nevertheless it is applicable over a far wider field than has yet been undertaken, and that every employer-employee unit will do well to examine its own opportunities to establish this reality of partnership between capital and labor. Profit sharing is the essence of true cooperation which must embrace not only a wage relationship but also a profits relationship (after labor and capital have both had their fair "wages"). It represents social-mindedness and distinctly comports with the American system because it is business democracy. It appropriately acknowledges the full contribution which employees make to an employer's success; and thus it adds both to the dignity and the rewards of those who, without a direct stake in ownership, make ownership worth while. It carries the spirit of capitalism to mass citizenship. In many instances it provides old-age security without the intervention of government. In all instances it invites an intimate, mutual understanding of the common interest which employer and employee must have in their common enterprise.

In the midst of a tendency generally to condemn private business as selfish and reactionary and unsympathetic, the committee takes pleasure in pointing to the accompanying record as proving that there has been a vast, voluntary experimentation with various types of profit sharing which demonstrates the existence of widespread social-mindedness in American business, and this fact deserves the emphasis we give to it. It should be added that this report carries no implication that profits are not frequently "shared" through the payment of high wages for labor which often leave capital with the short "share" of the partnership. Furthermore, let it always be remembered that profits must be made before they can be shared; that a profit-sharing formula is not a panacea to produce something from nothing; and that this whole ideology is a quest for mutual betterments from mutual cooperation. We simply present the record and the possibilities; and we let them speak for themselves.

A second duty committed to your committee has been to "consider what advisable contribution, if any, may be made to the encouragement of profit sharing by the Federal Government, including the grant of compensatory tax exemptions and tax rewards when profit sharing is voluntarily established." Broadly speaking, this is the subject of "incentive taxation." We do not believe it is practical to apply "incentive taxation" to the profit-sharing motive—at least, not until the theory and principle of "incentive taxation" has been more deeply explored and perhaps subjected to preliminary experiment.

Opinion respecting "incentive taxation" is sharply divided in the committee and in the country. One school of thought insists that the taxing power should never be used for either "incentive" or "punitive" purposes, and that one is the complement of the other. The other school of thought insists that we already have the "punitive" tax, and that—confronting a condition rather than a theory—we should also have the "incentive" tax either as an offset or a substitute. In the latter field of action serious consideration has been given to "incentive taxation" which, by compensatory

tax exemptions and tax rewards, could, for example, encourage plant expansion and equipment replacements in industry. Other appealing examples are indicated in some of the discussions in the staff report.

It is interesting to note from the transcriptions of the hearings subjoined hereto that without exception those witnesses now operating under profit-sharing systems are opposed to "incentive taxation" or "compensatory tax benefits" either as an effort to expand the use of profit-sharing systems or rewarding those now sharing profits with employees.

The committee is agreed that some prudent experiments in "incentive taxation" could be usefully undertaken in a spirit of exploration and experiment. But since there is no agreement upon the appropriate nature of these experiments, and since the authority of the committee in respect to "incentive taxation" is probably confined by Senate Resolution 215 to profit sharing upon which we have already reported, the broader aspects of "incentive taxation" are left to individual members of the committee, in the light of all the appended information, to develop in connection with amendments which may be subsequently offered if, as, and when new tax legislation comes to issue.

The committee renews its expression of appreciation to its staff and to all of the witnesses who voluntarily cooperated with the committee in the creation of this record. We believe the record itself is an epochal achievement which offers the country an invaluable encyclopedia of information and advice upon employer-employee relationships and upon the moot question of taxation.

CLYDE L. HERRING,
A. H. VANDENBERG,

Subcommittee of Senate Finance Committee.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GILLETTE:

S. 2629. A bill to authorize the presentation of a Congressional Medal of Honor to Edward J. Zink; to the Committee on Military Affairs.

By Mr. McKELLAR:

S. 2630. A bill to accept the cession by the States of North Carolina and Tennessee of exclusive jurisdiction over the lands embraced within the Great Smoky Mountains National Park, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. CLARK of Missouri:

S. 2631. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Arrow Rock, Mo.; to the Committee on Commerce.

By Mr. JOHNSON of Colorado:

S. 2632. A bill to provide for the fingerprinting and registration of individuals within the United States; to the Committee on the Judiciary.

By Mr. BONE:

S. 2633. A bill to amend sections 405 (a) and 504 (a) of the Revenue Act of 1938; to the Committee on Finance.

S. 2634. A bill to reserve to the United States for the Bonneville project a right-of-way across certain Indian lands in the State of Washington, subject to the consent of the individual allottees and the payment of compensation, and for other purposes; to the Committee on Indian Affairs.

By Mr. BANKHEAD:

S. 2635. A bill to amend the Federal Crop Insurance Act; to the Committee on Agriculture and Forestry.

S. 2636. A bill to provide for investigators for the Committee on Appropriations of each House of Congress; to the Committee on Appropriations.

By Mr. SHEPPARD:

S. 2637. A bill for the relief of Sterling Andrew Wilkin; to the Committee on Naval Affairs.

S. 2638. A bill to extend eligibility for disabled emergency officers' retirement benefits to those disabled emergency officers of the World War otherwise entitled thereto who failed to file application therefor within the time provided for in Public Law No. 506, approved May 24, 1928, Seventieth Congress; to the Committee on Military Affairs.

By Mr. MURRAY:

S. 2639. A bill relating to the hours of service of persons employed upon the Government-owned Wiota-Fort Peck Railroad in the State of Montana; to the Committee on Interstate Commerce.

By Mr. KING:

S. 2640. A bill authorizing the Commissioners of the District of Columbia to settle claims and suits of the District of Columbia; and

S. 2641. A bill to make uniform in the District of Columbia the law on fresh pursuit and to authorize the Commissioners of the District of Columbia to cooperate with the States; to the Committee on the District of Columbia.

By Mr. THOMAS of Utah:

S. 2642. A bill for the relief of Leda N. Jones; to the Committee on Claims.

By Mr. LUNDEEN:

S. 2643. A bill for the relief of the International Grain Co., Inc.; to the Committee on Claims.

By Mr. HOLMAN (for Mr. McNARY):

S. 2644. A bill to set aside certain land in the State of Oregon for a summer camp for Boy Scouts; to the Committee on Public Lands and Surveys.

By Mr. HOLMAN:

S. 2645. A bill for the relief of John K. Jackson; to the Committee on Claims.

By Mr. ELLENDER:

S. 2646. A bill for the relief of Haydee M. Ratigan; to the Committee on Finance.

By Mr. PITTMAN:

S. 2647. A bill to implement the provisions of the Ship-owners' Liability (sick and injured seamen) Convention, 1936; to the Committee on Foreign Relations.

By Mr. THOMAS of Utah:

S. 2648. A bill to provide additional compensation for employees killed or injured while performing work of a hazardous nature incident to law-enforcement activity, and for other purposes; to the Committee on Education and Labor.

By Mr. BRIDGES:

S. J. Res. 154. Joint resolution expressing the appreciation of Congress to members of the United States submarine *Squalus*, and for other purposes; to the Committee on Naval Affairs.

By Mr. THOMAS of Oklahoma:

S. J. Res. 155. Joint resolution consenting to an interstate oil compact to conserve oil and gas; to the Committee on Mines and Mining.

By Mr. REYNOLDS:

S. J. Res. 156. Joint resolution authorizing the erection of a monument in memory of Gen. William Davidson; to the Committee on the Library.

EXTENSION OF INTERSTATE COMPACT TO CONSERVE OIL AND GAS

Mr. ADAMS. Mr. President, there was referred to the Committee on Public Lands and Surveys a message from the President of the United States, with accompanying papers, in reference to an interstate compact for the conservation of oil and gas. The Public Lands Committee feel that these papers should go to the Committee on Mines and Mining. We, therefore, ask that the Committee on Public Lands and Surveys be discharged from the further consideration of the message and papers and that they be referred to the Committee on Mines and Mining.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. THOMAS of Oklahoma. Mr. President, in connection with the rereference of the interstate oil compact, I desire to state that before the compact can be made valid it must be ratified by Congress, or permission must be granted by Congress for the extension of the compact.

At this time I ask permission to introduce a joint resolution proposing to grant the consent of Congress to the validity of the compact, for reference to the Committee on Mines and Mining.

The VICE PRESIDENT. Is there objection? The Chair hears none.

(See S. J. Res. 155, introduced today by Mr. THOMAS of Oklahoma and referred to the Committee on Mines and Mining.)

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, was read twice by its title and referred to the Committee on Appropriations.

WORK RELIEF AND RELIEF—AMENDMENTS

Mr. HAYDEN submitted amendments intended to be proposed by him to the joint resolution (H. J. Res. 326) making appropriations for work relief, relief, and to increase employment by providing loans and grants for public-works projects, for the fiscal year ending June 30, 1940, which were referred to the Committee on Appropriations and ordered to be printed.

FIVE-YEAR BUILDING PROGRAM FOR BUREAU OF FISHERIES—AMENDMENT

Mr. SHEPPARD submitted an amendment intended to be proposed by him to the bill (S. 1492) to provide for a 5-year building program for the United States Bureau of Fisheries, which was referred to the Committee on Commerce and ordered to be printed.

AMENDMENT OF SOCIAL SECURITY ACT—AMENDMENTS

Mr. JOHNSON of Colorado submitted amendments intended to be proposed by him to the bill (H. R. 6635) to amend the Social Security Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

STABILIZATION FUND AND WEIGHT OF THE DOLLAR—AMENDMENTS

Mr. TAFT submitted an amendment intended to be proposed by him to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which was ordered to lie on the table and to be printed.

Mr. THOMAS of Oklahoma (for himself and Mr. McCARRAN) submitted an amendment intended to be proposed by them to the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, which was ordered to lie on the table and to be printed.

INVESTIGATION OF METHODS OF HANDLING EXPRESS AND FREIGHT TRAFFIC

Mr. WHEELER (for himself and Mr. REED) submitted the following resolution (S. Res. 146), which was referred to the Committee on Interstate Commerce:

Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation and study with respect to (1) the nature and legality of the methods now employed by common carriers by railroad subject to the Interstate Commerce Act for the handling of their express traffic, their forwarder or consolidated carload freight traffic, and their freight traffic in less than carload lots, and (2) the possibility of improving the methods of handling such classes of traffic in the interest of economy and of better service to the public. The committee shall report to the Senate, at the beginning of the next regular session of the Congress, the results of its investigation and study, together with its recommendations, if any, for legislation.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to request the Interstate Commerce Commission and any of the executive departments or other agencies of the Government to furnish to it clerical and expert assistance in the conduct of, and any information in their possession with respect to matters within the scope of, such investigation and study.

ADDRESS BY SENATOR PEPPER BEFORE 10 YOUNG DEMOCRATIC CLUBS OF THE DISTRICT

[Mr. LEE asked and obtained leave to have printed in the RECORD an address delivered by Senator PEPPER before the joint meeting of 10 Young Democratic Clubs of the District of Columbia at the Shoreham Hotel in Washington on June 17, 1939, which appears in the Appendix.]

THE ALIEN PROBLEM—ADDRESS BY SENATOR THOMAS OF UTAH

[Mr. MINTON asked and obtained leave to have printed in the RECORD a radio address delivered by Senator THOMAS of Utah on June 18, 1939, on the subject of our alien problem, which appears in the Appendix.]

THE AMAZING SILVER PROGRAM—STATEMENT BY SENATOR TOWNSEND

[Mr. GURNEY asked and obtained leave to have printed in the Appendix a statement on the Amazing Silver Program, by Senator TOWNSEND, which appears in the Appendix.]

ADDRESS BY ATTORNEY GENERAL MURPHY AT GEORGETOWN UNIVERSITY SESQUICENTENNIAL

[Mr. O'MAHONEY asked and obtained leave to have printed in the RECORD an address delivered by Hon. Frank Murphy, Attorney General of the United States, at the sesquicentennial celebration of Georgetown University, which appears in the Appendix.]

THE UNEMPLOYMENT PROBLEM—ADDRESS BY JOHN CECIL

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD a radio address made by the Honorable John Cecil, president, American Immigration Board, before the Kiwanis Club of New York City, May 10, 1939, on the subject Jobs—The Paramount Issue in America, which appears in the Appendix.]

AGRICULTURAL LEGISLATION—ADDRESS BY GLENN J. TALBOTT

[Mr. MURRAY asked and obtained leave to have printed in the RECORD a radio address delivered on May 21, 1939, by Glenn J. Talbott, president, North Dakota Farmers' Union, on the subject of agricultural legislation sponsored by the National Farmers' Union, which appears in the Appendix.]

DRAFT OF CAPITAL IN TIME OF WAR—FOREIGN POLICIES

[Mr. LEE asked and obtained leave to have printed in the RECORD resolutions passed by the Brotherhood of Railroad Trainmen with reference to the draft of capital in case of war, and the President's foreign policies, which appear in the Appendix.]

NORTH-SOUTH-EAST-WEST—ARTICLE BY FRANK L. PERRIN

[Mr. TOBEY asked and obtained leave to have printed in the RECORD an article by Frank L. Perrin, published in the Christian Science Monitor of June 17, 1939, entitled "North-South-East-West," which appears in the Appendix.]

PRESIDENT WILSON AND COLONEL HOUSE—ARTICLE BY WILLIAM WILMOTH

[Mr. REYNOLDS asked and obtained leave to have printed in the RECORD an article by William Wilmoth entitled "President Wilson and Colonel House," which appears in the Appendix.]

MR. BERLE DIDN'T ADVOCATE IT—EDITORIAL FROM MILWAUKEE JOURNAL

[Mr. WILEY asked and obtained leave to have printed in the RECORD an editorial from the Milwaukee Journal of Saturday, June 10, 1939, entitled "Mr. Berle Didn't Advocate it," which appears in the Appendix.]

JEWISH REFUGEES ON STEAMSHIP "ST. LOUIS"—ARTICLE BY JAMES M. THOMSON

[Mr. CLARK of Missouri asked and obtained leave to have printed in the RECORD an article by James M. Thomson, editor and publisher of the New Orleans Item and Tribune, on the subject of the plight of the Jews on the steamship *St. Louis*, which appears in the Appendix.]

STABILIZATION FUND AND WEIGHT OF THE DOLLAR

The Senate resumed the consideration of the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised.

Mr. WAGNER. Mr. President, I hope I may have the indulgence of the Senate while I attempt to present my views as to the pending order of business.

The bill now up for consideration involves extension for a 2-year period of the stabilization fund and of existing monetary powers relative to the gold content of the dollar and the acquisition of newly mined domestic silver for coinage.

This bill differs from the general run of bills in several important respects. It does not call for the expenditure of any public funds; it does not create any new powers, nor does it involve the extension of any powers of control or regulation of business or economic activity. Lastly, it in-

volves no conflict of interests as among various groups in the United States.

The provisions of the bill may be considered under two heads. The first, embracing sections 1 and 2 of the bill, calls for an extension of the stabilization fund; the second calls for an extension of the powers to alter the gold content of the dollar and to provide for the acquisition of newly mined domestic silver.

With respect to the stabilization fund there is virtually no difference of opinion among the Members of either House of Congress. There is almost unanimity of opinion on the desirability of continuing this fund.

The stabilization fund has been in operation for more than 5 years, and the record shows that the fund has in no way been employed for any purpose other than that indicated by Congress in the establishment of the fund. Its uses have been specifically limited to stabilizing the exchange value of the dollar. Instead of increasing economic tensions and antagonisms, the fund has been employed to mitigate economic tensions and to foster the collaboration of important countries. It has been one of the main instruments for maintaining the stability of the dollar in a situation which demanded skill and patience.

No one can doubt that the successful management and operation of the stabilization fund has fully vindicated the action of Congress in establishing it and in delegating its administration to the Secretary of the Treasury.

The 5 years during which this fund was in operation included periods in which currencies were subjected to tremendous pressure—periods in which war scares sent more money scurrying from one country to another in a single month than has ever been true before. During September and October of last year, at the time of the Munich crisis, over a billion dollars of funds flowed to this country. With the aid of the stabilization fund the exchange uncertainties were kept down to a minimum despite that enormous inflow of funds and despite the acute political crisis.

As for the management of the fund and the uses to which it has been put, Secretary Morgenthau has succeeded in handling the fund in a manner completely above suspicion and above criticism. I am glad to have this opportunity publicly to congratulate Secretary Morgenthau upon his efficient and businesslike fulfillment of so enormous a responsibility.

Only one positive suggestion has been made with respect to the stabilization fund—that there should be less secrecy as to its operations. As a matter of fact, there is less secrecy about the activities of our stabilization fund than there is about the activities of similar funds of foreign countries.

Of the whole fund of \$2,000,000,000 authorized by Congress, \$1,800,000,000 remains in gold in the Treasury and appears regularly in the Treasury daily statement. In other words, complete information with respect to 90 percent of the stabilization fund is reported to the public every day. The only information withheld relates to the day-to-day operations of the working portion of the fund, consisting of only \$200,000,000. This information is not revealed to the public because it could be of use only to the professional exchange speculators.

It is unfortunate that a few months ago rumors were circulated to the effect that the fund was being used for purposes not indicated in the act. To put an end to these unwarranted insinuations and baseless rumors the Secretary voluntarily presented before the appropriate committees a balance sheet of the stabilization fund to date. He has stated, furthermore, that he has no objection whatsoever to presenting a similar balance sheet each year and to giving Congress as well as the President an annual report of the operations of the fund.

The only change made in the bill from the measure as I introduced it is that the powers are extended to June 30, 1941, instead of to January 15, 1941, in accordance with the amendments adopted by the House, and that a copy of the annual audit of the fund shall be submitted to Congress as well as to the President.

The third section of the bill, which is the one in which Senators are primarily interested, I take it, extends for an

additional 2 years the powers vested in the President to fix the gold content of the dollar and to provide for the unlimited coinage of silver. These powers were first included in paragraph (b) (2) of section 43 of the act of May 12, 1933. This act gave the President authority to reduce the gold content of the dollar down to 50 percent of its former gold content and contained no time limitation upon the exercise of such power. The Gold Reserve Act, which was approved on January 30, 1934, left unchanged the maximum amount by which the President could reduce the gold content of the dollar but provided that he might not fix it at more than 60 percent of its former gold content and also provided that the powers to revalue the dollar and to provide for the unlimited coinage of silver would expire on January 30, 1936, unless extended by the President for an additional year.

The day following the enactment of the Gold Reserve Act of 1934 the President, by proclamation, reduced the gold content of the dollar from 25.8 grains of gold 0.9 fine to 15 $\frac{1}{2}$ grains of gold 0.9 fine, thereby reducing the gold content of the dollar to 59.06 percent of its former content and increasing the monetary value of gold from \$20.67 an ounce to \$35 an ounce. The gold content of the dollar and the monetary value of gold have remained unchanged since that date. On January 10, 1936, the President, by proclamation, extended until January 30, 1937, the time in which he could exercise his powers relative to the content of the dollar and to the coinage of silver.

While some controversy is now arising in regard to section 3 of the bill, in January 1937, when the senior Senator from Virginia [Mr. GLASS] had charge of the bill then pending, because I was ill at the time, the Senate by unanimous vote, without a single dissenting vote, extended for 2 $\frac{1}{2}$ years the very powers sought to be extended again this year for a period of 2 years.

In the discussion considering the provision for altering the gold content of the dollar there are only two pertinent questions that need to be answered: (1) What is the purpose of this power? and (2) Why is it necessary to grant it to the President rather than have it retained solely by Congress?

Before considering these questions let me make one fundamental fact clear. It is impossible for us to maintain stability of the external value of the dollar unless foreign countries cooperate in attaining the same objective with respect to their own currencies. A dollar has a value in the foreign-exchange markets only in terms of foreign currencies. When a foreign country lets its currency decline, then the foreign-exchange value of the dollar rises. An exchange rate is just what the words indicate—a ratio, a rate of exchange, between two currencies. When one of those two currencies declines, then the other ipso facto rises, and when one rises, then the other ipso facto falls. The United States cannot stabilize the foreign-exchange value of the dollar by its own actions alone. The United States can stabilize the external value of the dollar only if the other major countries of the world want to, or agree to, or are forced to, or are induced to, regulate their currency to keep in step with ours—or if we regulate our currency to keep in step with their currency. To ignore this elementary fact is to miss the point of all stabilization operations and to misunderstand the functions and purposes of the pending bill.

The purpose of the Presidential power to lower the gold content of the dollar to 50 percent of the old gold content is to assist in the stabilization of the dollar in the foreign-exchange markets of the world and to protect its position against the disastrous effects of the competitive depreciation of foreign currencies.

Now, how does the possession of the power to alter the gold value of the dollar help to maintain exchange stability? How does it offer any protection to us against competitive depreciation of foreign currencies? It does so simply by providing a defensive weapon which serves to deter other countries from initiating a competitive currency war. When foreign governments know that the President has the power to reduce the gold content of the dollar, they are discouraged from trying

to obtain a competitive advantage through depreciation of their own currency.

As the Secretary of the Treasury has well said, this power fulfills exactly the same function in the sphere of the maintenance of currency stability and in the prevention of competitive attack upon our currency as does the possession of our strong Navy in the maintenance of peace and in the prevention of military attacks against our territory.

Let us see just how that principle operates in the field of international currency. Suppose that a foreign government—let us call it government X—is eager to increase her exports and to reduce the competition of foreign producers in her own markets; that government X, in short, seeks to improve her competitive position in the markets of the world. One of the devices it may resort to in order to gain that advantage is to permit its currency to depreciate.

Bear in mind that almost all foreign governments can use that device without restriction. The executive branch of practically every important country in the world can depreciate its currency through instantaneous administrative action. They need no new legislation. They need no new consent of the legislative body. They need no prolonged public discussion. It is necessary only for such a country to have a cabinet meeting or a meeting of treasury officials on Monday night and on Tuesday morning confront us with a lower currency and ipso facto with a more expensive dollar.

We must remember that when the currency of certain important foreign countries declines it sooner or later pulls with it the currencies of other nations. They are forced to defend themselves either by increasing restrictions on their import trade through higher tariffs or more stringent quota provisions, or by depreciation of their currencies. No country can for long stand the adverse and severe effects that follow the depreciation of an important competing currency without attempting effective countermeasures. Therefore, when we speak of a foreign country depreciating its currency we must bear in mind that that may mean currency depreciation by more than one country. The situation is such now that the depreciation of one important currency may sweep many other currencies along with it. Thus last year when sterling depreciated by some 5 percent, 20 other currencies went down with it.

Let us trace briefly the consequences to the American people which would result from depreciation of important foreign currencies, and this is important, and not always understood, I am sorry to say. The American exporter would find his foreign market curtailed both in the countries which have depreciated their currencies and in those countries that have not. It means that manufacturers of automobiles in Michigan, of machine tools in Ohio, of cotton textiles in New England, who were previously able to compete successfully abroad with their foreign competitors would find that some of those competitors have gained a price advantage overnight in all markets of the world.

Even more serious is the effect on our domestic producers who are exposed to foreign competition. Our domestic market will be subject to the intensified competition of the goods of countries that join the depreciation parade. Our shoe manufacturers, our textile industry, our dairy industry, our cattle growers, meat packers, the lumber industry, and producers right through the thousands of articles we make in competition with foreign producers will be suddenly exposed to the competition of imported goods selling at reduced prices.

The consequences of this sudden attack on our economy must inevitably be falling prices, more unemployment, decreased profits, decreased production, and decreased standards of living for the American people. That was the situation which prevailed in 1932. That is the situation which has confronted country after country at varying times in the last 20 years, and that is the situation which we wish to prevent. Remember that this situation could be created simply by executive act of certain foreign countries. By one stroke of an executive pen or by a telephone order, a foreign government could, if it wished, reduce, or even wipe

out the protection provided by our tariff schedules. After a passage of years some of these disadvantages to American manufacturers and American exporters will disappear, but throughout that lengthy period of adjustment the Nation as a whole will suffer from the deflationary effects of our worsened trade position, and of the downward pressure against our price structure.

Nor do we have a single law in our statute books, other than the one now under consideration, that adequately protects the domestic market against such acts. We have anti-dumping laws; we have laws which protect us against discriminatory treatment; but we have no laws which promptly and effectively protect us against the competitive depreciation of foreign currencies.

Mr. President, I find it most difficult to understand the attitude of some of the Senators who are opposing this section of the bill. They are the first to come to the defense of the American manufacturer when his American market appears to be threatened by foreign producers. They are on record as favoring protection of American industry from low-cost competition from abroad and yet they are opposing a bill which is the only effective defense we have against steps taken by foreign governments which would destroy our protective barriers. They appear to be oblivious of the fact that depreciation of foreign currencies acts to cut down and even wipe out many of our tariff duties.

For example, we have a duty of 33⅓ percent on certain types of woolen goods. Let us see what happens to that duty when a foreign currency depreciates. Let us assume that the sterling-dollar rate is \$5 and enough woolen goods to make a suit costs £2 sterling or \$10, making the cost to the American importer \$10 plus the 33⅓ percent duty or a total of \$13.33. Now supposing that sterling depreciates to \$4, which can be effected by England overnight. The same ad valorem duty remains in effect. The American importer of British woollens still pays 33⅓ percent, but instead of the cloth costing \$13.33 it costs him \$10.66. In other words, the protection afforded the home producer by the duty has been almost completely wiped out. It amounts to a reduction in our tariff schedule imposed upon us by a foreign government. Depreciation of foreign currencies can be just as destructive to our domestic industry as a wiping away of tariff schedules.

Mr. President, let me repeat that statement, because some Senators who oppose this provision do not seem to appreciate that point. Depreciation of foreign currencies can be just as destructive to our domestic industry as a wiping away of tariff schedules. In fact, it is even more destructive because, as I pointed out, it hits our exporters as well as producers for the home market, and it lowers the dollar prices of duty-free imports as well as those that are subject to duty.

Just how does the extension of the power further to alter the gold content of the dollar by Presidential proclamation give us protection against foreign currency depreciation of which I have spoken? I wish I could say that the extension of the power of the President to devalue the dollar by some 9 percent of its old gold content is complete insurance against any competitive depreciation by other countries. I wish the bill did give us 100-percent insurance of a dollar stable, in terms of all foreign currencies. But unfortunately the bill before us offers no such absolute protection any more than our Navy offers absolute assurance that our country will never be attacked. Yet, this power is now and has been in the past an effective weapon—in fact our chief weapon—in preventing the initiation of currency wars. To take one example: Last fall the pound fell from \$5 to \$4.60 in a brief period and it seemed it would continue to fall. It was, of course, not only the pound sterling that was falling.

The whole sterling bloc declined, and many other currencies followed sterling in the decline. The chief important currency that did not decline was the dollar. The decline of sterling and the failure of the dollar to decline changed the exchange rates. Foreign currencies became cheaper, the dol-

lar became more expensive. As sterling fell American businessmen complained more and more of the adverse effects of this decline. It was reported to me, for example, that the American pulp-producing industry appealed for protection against the effects of declining sterling. They stated that when the pound dropped and Finnish currency declined with it, the Finnish pulp-producing companies were able to undersell American pulp-producing companies in the United States, and as a result American pulp-producing companies began to lose money and were faced with the necessity of laying off a large part of their employees. That is but one instance which illustrates the effects of depreciated currencies upon American business. I was also informed that the automobile industry became very apprehensive when the dollar went up and sterling declined.

The knowledge of those potential effects led the Secretary of the Treasury last fall to indicate to the British Government his concern over the falling sterling and its effect on the position of the dollar. He did not have to tell the British officials that the President possessed the power to lower the gold content of the dollar and could thereby neutralize overnight the effect of a lower sterling in the world markets. The British authorities were fully cognizant of the President's powers. I do not know what discussions took place in the British Treasury at that time. I do not know how much further the British pound would have fallen if the President had not possessed the power to defend the dollar against such action. But I do know that within a brief period following the discussions of the Secretary of the Treasury with the British Treasury the fall of the pound was halted and it has not fallen from that point since, despite additional international crises and despite assertions by numerous British industrialists and bankers that a lower price of sterling would be of great assistance to them. I hope that statement makes an impression.

I agree with many Senators that this would be a far better world if no such defensive powers were necessary, if all nations could again return to fixed exchange rates, and to a world condition in which there was neither danger nor expectation of alteration of the exchange value of currencies. Unfortunately, however, there are no indications that such conditions will prevail in the near future. Our policies must be adapted to the world in which we live and not to a world as we would like to have it.

In the world as it is today the danger of changes in the value of foreign currencies cannot be removed. The danger of competitive depreciation, with its consequent disastrous effects on our economy, can be lessened only when the leading countries of the world agree to avoid such acts. Since the United States has the strongest currency in the world, the United States must take the lead in promoting international monetary stability. Secretary Morgenthau has often declared that the United States would be the first to participate in international arrangements seeking to eliminate competitive currency depreciation. We have already joined in one such arrangement in the tripartite accord of 1936, in the creation of which this country took a leading part.

The tripartite accord—which was an understanding between the United States, Great Britain, and France, and to which three other countries adhered—was an important step in the direction of achieving international monetary stability. Yet this understanding would have been much more difficult, if not impossible, to achieve without the Presidential power to devalue. The very existence of this power constituted an effective bargaining weapon in our hands in the negotiations for the consummation of the accord; and the renewal of this power is one of the best ways of assuring the maintenance of the accord.

The essential point to grasp in deciding whether to vote for or against this bill is that we are asking for this power not because we want the dollar devalued, not because we expect the dollar to be devalued, but because we want to avoid being confronted with a situation which would make it necessary for us to choose between the alternatives of depreciating the dollar and of suffering the effects of de-

clining trade and possible serious deflation. This power is an essential instrument to put the United States on an equal footing in the international monetary field with the leading countries of the world. It is a necessary accompaniment to our stabilization fund. It is an important element for the effective continuation of the tripartite monetary arrangement which has done so much to restrain the depreciation of currencies in the past 3 years of international political and economic crisis. This power is an effective weapon with which to defend the exchange value of the dollar. If Congress deprives the Government of this weapon, it will be more difficult to protect American business from unfair foreign competition both at home and abroad.

I now turn to the second question which may be asked about this power: Why is it not sufficient for the power to be retained exclusively by Congress? Why should it be granted to the President?

The power to depreciate a currency is effective as an instrument of defense only if it is granted to the executive branch of the Government. As an instrument of defense, it cannot be effectively administered by the legislative branch. The history of currency depreciations since the war amply supports this view. In this period, legislatures have usually given authority in advance, or have given retroactive approval to action taken. This has been so because it would be harmful to ordinary economic life of the people if the legislature attempted to act on such monetary matters. During a crisis, any disturbance would be intensified by continued public debate as to the nature of the action to be undertaken. Because of the complicated nature of each situation that may arise involving depreciation of currencies, it is necessary that before Congress take action it either rely upon the studies and analyses of the executive branch of the Government or carry out its own analyses and its own studies. In either case consideration of the issues would, of course, provoke extended public debate.

The difference in practice between permitting the power to reside only in Congress and having that power shared by the executive branch is very important. Let us take a specific instance. Let us return to the situation of last fall, when sterling was declining. Everybody knew that the President possessed the power further to devalue. Everybody knew that if the well-being of the United States demanded it action could be taken quickly and promptly. The President and the Secretary of the Treasury could be relied upon to adopt such monetary action as was in the best interest of the people. What would have happened if the power had not been delegated by Congress to the President? In the first place, Congress was not in session, and it might have been necessary to convene it solely for the purpose of considering what monetary action should be taken in defense of the dollar and American business interests. Such an act in itself would have greatly disturbed currency relationships and introduced great uncertainty in the conduct of international business. But even if Congress had been in session, there would have been prolonged public discussions as to what action should be taken. The exchange manipulators would know that Congress could make one of two choices—either take no action or depreciate the dollar. They would realize that if the dollar were to be depreciated there was a simple way to make sure profits. I am speaking of the international currency speculators. They would need only to convert dollars into foreign currencies or into gold held abroad, and reconvert them into dollars after the dollar had been depreciated. There would have been serious disturbances in the money markets as American and foreign holders of dollar balances and dollar assets evidenced their distrust in the dollar. Foreigners would liquidate their assets and their bank accounts which they held in this country, and would rush either into other currencies or into gold. A tremendous outflow of gold from the United States would ensue.

The net result would have been that Congress would have been forced to adopt the very depreciation which it had until then been only considering. The more prolonged the public discussion, the greater the outflow of gold, the greater the

uncertainty, and the greater the probability that such action would have to be taken. In the meantime panic and uncertainty would have impeded the legitimate commercial and financial transactions carried on by United States businessmen, with consequent disturbing effects on domestic business activity.

If Congress retains the power exclusively unto itself, then foreign governments will no longer consider that power effective to meet emergency situations. They will no longer be deterred from depreciating their currencies, because they would not expect Congress to be able to act on monetary matters with the requisite degree of rapidity and precision. So long as the executives of some countries possess that power and the executives of other countries do not possess it, so long will competitive depreciation be one of the devices which will be adopted by some foreign countries to achieve benefits for themselves at the expense of others.

I think it is appropriate at this point to consider the major objections which have been advanced against the bill.

I have heard it emphasized at committee hearings from those who oppose this legislation that the devaluation of the dollar in 1933 accomplished no good; that it did not contribute anything to subsequent recovery; and that, therefore, the power to devalue the dollar should not be continued.

An examination of what took place in this country as well as in the other countries of the world between 1931 and 1936 makes it perfectly clear that dollar devaluation in this country, just as currency depreciation in other countries, was a vital factor in breaking the downward spiral of business and prices.

Let us look at the record.

In September 1931, Great Britain went off the gold standard, and her currency immediately began to depreciate. During the next year, sterling dropped from \$4.86 to a low of \$3.25. The departure of England from the gold standard, and the depreciation of sterling were preceded or accompanied by similar action on the part of some score of other countries. Japan depreciated her currency by more than 60 percent; the British Dominions, the Scandinavian countries, Argentina, and other Latin American countries depreciated their currencies by 40 percent or more.

What happened to prices in those countries? In practically every one of the twenty-odd countries whose currencies were depreciating during that period prices which had previously been rapidly declining ceased to fall and in some cases actually rose.

What was happening in the United States and in the other countries whose currencies were not depreciating during this period? From the fall of 1931 to the spring of 1933 wholesale prices in the United States fell more than 15 percent. The prices of farm products and the prices of imported goods fell more than 25 percent. In France, Netherlands, and Belgium prices were falling even more rapidly than in the United States; in Germany, Italy, and Switzerland prices fell roughly about as much as they did in the United States. In other words, in those countries which did not lower the value of their currency prices continued to fall, business continued to decline, unemployment continued to increase, and trade continued to drop. Whereas in those countries whose currencies depreciated the deflationary spiral was brought to a halt.

Now, let us take the situation in the United States following the abandonment of the gold standard by the United States in April of 1933 and the depreciation of the dollar which occurred thereafter. We find that the wholesale prices in the United States rose almost 30 percent from March 1933 to September 1934. Farm prices almost doubled during that period.

The downward movement of prices, business, trade, and employment were stopped, and recovery began. While this was happening in the United States those countries which continued to cling to the old value of their currencies continued to experience deflation. These countries hung on until the fall of 1936, when they likewise depreciated their currencies. The same thing happened in those countries after depreciation. Deflation ceased with the depreciation of their currencies.

There is nothing mysterious about this connection between the depreciation of a currency and a rise in prices. In the first place, exports cost much less to the foreign importer; consequently he buys more; there is an increased demand for exports. In 1934, for example, our exports were over 30 percent higher than in 1932, and because of the increased demand there was a tendency for prices to move up on all goods that are exported. In the second place, all imports cost more. They cost more because it required more dollars to buy a given amount of foreign currency than was true before depreciation took place. In the third place, the prices of all goods produced out of imported materials rose. And this helped prices of domestic commodities to rise. In the fourth place, the depreciation of the dollar and the other monetary measures taken in 1933 had the effect of stopping the flight from the dollar, the hoarding of currency, and the collapse of the credit system. This striking of the shackles off the credit and monetary system of the United States, which had been dragging the economy down at an increasing speed, enabled our economic structure to breathe freely again and move forward and upward. In the fifth place, business began to improve as a consequence of the stoppage of disastrously falling prices. Merchants no longer feared to increase their inventories and the increased demand for goods made business better, put more men to work, and better business meant better prices, particularly since they were moving from a very low level.

Failure to recognize the important role played by dollar devaluation in breaking the back of the deflation and of the decline in prices in this country is due to the fact that some people had the notion that there would be a rise in all commodity prices mathematically proportionate to the depreciation of the currency and that this result not having ensued, dollar devaluation was deemed to have been a complete failure. The mere fact that unwarranted claims were made for dollar devaluation is no sound reason for failing or refusing to recognize the important role that currency depreciation played in stopping the rapidly deepening depression in this country.

No one familiar with events in the United States would claim that the lowering of the value of the dollar was the only factor responsible for the rise in prices and the inauguration of recovery. Obviously there were other forces at work. No one can say precisely how much the depreciation of the dollar contributed and how much the other factors contributed. All that we do know is that depreciation was one of the important factors in the price rise. We do know that deflation did not stop and recovery did not begin until we had begun to devalue the dollar.

Mr. TAFT. Mr. President—

The PRESIDING OFFICER (Mr. CLARK of Idaho in the chair). Does the Senator from New York yield to the Senator from Ohio?

Mr. WAGNER. I would rather finish my remarks, and then I will be glad to answer any questions.

We also know that the same thing has happened in most other countries. However, the undeniable fact that depreciation of the dollar in 1933 did substantially contribute to the subsequent improvement does not mean that we indiscriminately want to apply this power to every situation. Conditions change, and each situation has to be examined in the light of the special circumstances.

A second objection that has been raised is that this legislation gives dictatorial powers to the President. This claim is not made with the desire to understand the real issues. It serves only to confuse the thinking on the problem. Congress still retains its full power to regulate the currency of the United States. To call dictatorial the power to reduce the gold content of the dollar by a limited amount is to indict all the democracies of the world, since almost all the democracies have given at least an equivalent power to the executive branch of the Government.

In fact, this bill gives the President less power than is accorded to the executive of any other country, for in no other important country is the power to alter the gold content of the currency restricted within such narrow limits. We are the only important commercial country in the world which

announces that it will not devalue its currency more than 9 percent of its old gold content without prior permissive legislation.

Furthermore, to label as being dictatorial the existence of discretionary power in the executive which increases the efficiency of a democracy is really an attempt to discredit and undermine democracy. Those who would restrict the administrative powers of the executive branch of the Government by crying "dictatorship" are really weakening democracy by denying it the capacity for quick, decisive action in time of danger.

Another objection urged against this bill is that the possession of the power to further devalue the dollar destroys business confidence by creating uncertainty with respect to the future of the dollar. To me the contrary seems true. Instead of destroying the confidence of the businessmen in the future of the dollar, I believe it operates to enhance it. This bill is designed to promote stability in the exchange value of the dollar, and it is a stable dollar that the businessman wants when he is planning for the future.

The businessman now lacks no confidence in the dollar. On the contrary, the one place where the businessman displays more confidence than in any other field is with regard to the soundness of the dollar. This is true not only of American businessmen but of foreign businessmen and bankers as well, and they display their confidence in the way which matters most—by investing their funds in the dollar. I need not remind you, Mr. President, of the billions of dollars of foreign capital which have come to this country to be invested in dollar balances and assets. The bonds of the United States Government which are payable in dollars simply and not in terms of gold are selling at their lowest interest rate in history. The banks in the United States whose deposits are in terms of dollars are attracting more foreign deposits than have ever been attracted before.

I would ask, Mr. President, whether you know of a single instance in which an exporter has refused to sell his goods for 3 months, 6 months, a year, 2 years, or 5 years, or has preferred to put his bill in any currency other than the dollar because he has lacked faith in the dollar. He has lacked faith in other currencies, and has therefore insisted, whenever he had the choice, on making his bill payable in American dollars rather than in foreign currencies. This is true not only of American exporters but even of foreign exporters, who prefer to have their bills paid in dollars rather than in the currencies of their own country. I think we may say that the dollar has now become the leading international currency. So great is the confidence in the American dollar that we find millions of our paper currency leaving our shores to be employed in business transactions and hoarded in foreign countries. The Federal Reserve Board has stated that in the past 2 months alone over \$70,000,000 of American paper currency has left this country.

The best way to reduce business confidence in the dollar is to refuse to renew these powers. Why? Because what the businessman is afraid of is a repetition of instability in currency markets, a repetition of falling prices and of a deflationary spiral. He knows that any governmental power which would help prevent such a situation is a cause for added assurance. The power to devalue thus constitutes for the businessman an added assurance that prices will not decline because of depreciation of foreign currencies. I concede at once that it is not a perfect insurance. I grant that notwithstanding the possession of this power it is possible that other countries may be driven to desperate expedients. Yet that fact merely underlies the need for preserving intact the existing power to alter the gold value of the dollar.

Another argument that has been used at great length by the opponents of this bill is that there are no circumstances under which the use of such power would be justified—that, for instance, during the post-war period, when numerous important currencies were depreciating at an astronomical rate, we were able to maintain prosperity in this country without altering the gold content of the dollar. This argument sounds plausible, especially when it is put forth by

learned economists who presumably are students of economic history. But in looking into this matter I found that the situation in the post-war years was in no way comparable with that of 1932. The United States in the post-war years was not at a competitive disadvantage in the international markets of the world as a consequence of the depreciation of foreign currencies. During the war years, prices in European countries rose much more than prices in the United States; and at the same time the European currencies were pegged, and not allowed to depreciate. Under such circumstances the United States enjoyed a substantial initial competitive advantage in the world markets. This competitive disadvantage of European currencies was not entirely overcome during the years immediately following the war. Despite the sharp depreciation of their currencies, our competitive position was not impaired, because in those years prices within the countries were rising almost as fast as their currencies were depreciating. Our exports were being maintained at a high level, and we were in a period of rising production and business prosperity. More important, however, was the fact that in the immediate post-war period European countries were engaged in the vast task of economic and social reconstruction. While on the one hand they had an almost unlimited demand for American goods owing to the depletion of their productive equipment resulting from the vast amount of destruction to their economic system in the war period, they were unable to produce increasing amounts for export. Such a comparison of present conditions with those existing in the period immediately after the World War gives a misleading interpretation of both periods.

Opponents of this bill have frequently questioned whether there are any circumstances which would justify the use of the powers granted to the President by this legislation. If the policies of foreign governments are carried out in defiance of any objection on our part, and if their action is not justified and is used solely for the purpose of obtaining a competitive advantage over us, then this power might be used both to protect our markets from imported products which would otherwise come in over the tariff barriers and to help American exporters to maintain their markets abroad. It would be used solely for the protection of American business, and in order to give additional stability to international trade and to international monetary relationships. But I believe that the mere possession of the power will by itself probably be sufficient to deter foreign governments from a course of action which might justify the President's using it.

I do not say it will inevitably be used if other countries depreciate their currencies. For whether or not the depreciation of a foreign currency injures the United States sufficiently for us to take defensive action depends upon a host of factors. It depends upon the trend in prices in the United States and in the country that is depreciating its currency, as well as the importance of that particular currency with regard to United States interests. It depends upon the state of business and of our foreign trade, upon our balance of payments situation, the economic situation abroad, and so forth. There are many cases on record, such as the depreciation of the franc in 1936 and 1937, which for several important reasons did not justify parallel action by the United States.

Continuous study of the factors involved in international trade and in international monetary relationships is necessary in order to provide a safe guide for action by the United States with regard to its currency. There is no danger that the executive branch of this Government would permit the dollar automatically to follow the course of other currencies. It has not done so in the past, and it has no intention of acting without due cause in the future.

Another argument used by opponents of the bill is that the emergency situation which justified granting the powers to the President has passed. It is hard to believe that anybody supposes there is no international emergency. One need only read a few reports coming from foreign countries to tell us

that more countries are planning exceptional measures to increase their export trade and to curtail their imports. The emergency which justified giving these powers to the President is an emergency that has grown in intensity since 1934. Of course, the domestic emergency which existed in March 1933, and which gave rise to the banking holiday, has in large part passed. In view of the legislation that has been enacted within the last 6 years, there is no reason to anticipate a repetition of that critical period. It is chiefly the emergency in the field of international monetary and economic relations which justifies the extension of these powers.

It is sometimes said that the United States should serve as a model for the rest of the world; that if the United States rigidly fixes the gold value of its currency, then other countries would be so impressed by our example that they would follow suit. I am afraid I can find little basis for this hope. It is like saying that if the United States were to give up its Navy, other countries would be so impressed by our desire for peace that they would also give up their navies, and the danger of war would evaporate.

I have heard it stated in committee hearings that depreciation of foreign currencies is not harmful to us, because the American consumer then can buy his imports at a lower price. It is admitted by those who take this position that depreciation of foreign currencies may be bad for the exporter and bad for the domestic manufacturer who sells for the home market, but they say these disadvantages are compensated for by the fact that the American consumer gets his goods at a lower cost. But they forget an important fact. When that happens, the American consumer can buy his imported goods at a lower price only at a terrific cost to himself. He does so at the sacrifice of reduced national income, of falling prices, and increasing unemployment. What avails his ability to buy goods at a lower price when he finds he is out of a job? For example, when foreign currencies were depreciating in 1932 the American workingman could buy imported goods at prices lower than had been seen in this country for decades. Yet he was much worse off than before because of the serious economic repercussions that intensified foreign competition helped to promote.

When we are prosperous, we buy more imports. When we are in a depression, our imports drop. For example, in the year 1932 our imports had fallen to less than half their former level, notwithstanding the fact that imported goods were very low in price. Again, in 1938 our imports fell sharply; and the reason was not that the price of imported goods rose—they had not risen; in fact, they fell a little—but chiefly because we were in a recession.

I have also heard another argument raised in committee hearings on this bill, one that appeared to make an impression on some of the committee members. This argument went as follows: Suppose currencies of other countries do depreciate; that advantage for the foreigner lasts only for a short time. After a while price adjustments will take place which will eliminate that advantage, as follows: In the country whose currency is depreciating, their prices will rise. In our country, prices will fall. They will rise high enough in that country, and fall low enough in our country, to offset the advantage obtained by the depreciation.

This hypothetical chain of events is contrary to the facts. I could cite a number of instances; but let us take the case of Japan. That country depreciated its currency by 60 percent in the 2 years from 1931 to 1933. Yet during that period prices in Japan rose only slightly, and certainly not nearly enough to compensate for the effect of the depreciation. If price adjustments took place with such a degree of rapidity as to offset any competitive disadvantages, then no country would ever attempt to secure a competitive advantage by depreciation and the number of instances of currency depreciation in history would be very small indeed.

The section in the bill dealing with the coinage of silver relates, I would like to point out, only to the power which is now being exercised in the acquisition of newly mined domestic silver. It is under this provision that the President has issued the series of proclamations pursuant to which

the Government acquires newly mined domestic silver. The provision of the pending bill is not used to purchase foreign silver.

Last year the Treasury purchased 65,000,000 ounces of domestic silver, for which it paid about \$43,000,000, and on which there was a seigniorage accruing to the Government of \$43,000,000. It is evident that the economic importance of such an expenditure is quite secondary to the kind of problems I have been discussing with respect to the rest of the bill.

Regardless of its importance, however, there are certain economic advantages that flow from the silver program. In the first place, the coinage of domestic silver does not cost the Treasury or the people of the United States 1 penny. The silver is purchased with the silver dollars that are coined from the silver acquired or with silver certificates secured by the purchased silver. Not only is the acquisition of silver not a loss, but there is, as Senators know, a seigniorage of 64 cents for every ounce of silver acquired; 64 cents which the Treasury can spend when the need arises; 64 cents which when spent makes it necessary to borrow that much less or makes it possible to reduce the outstanding debt by that much.

In the second place, the acquisition of this domestic silver unquestionably adds to employment. I would not venture to say how much. Representatives of the silver States may tell us more about that. I think many of the claims that have been made in this respect have been exaggerated. Nonetheless it cannot be denied that some increase in employment, both direct and indirect, has followed the purchase of domestic silver and that there have been beneficial indirect as well as direct effects. Were the United States to cease acquiring domestic silver, certain communities in our Western States would suffer from the curtailed income in such areas. Unemployment in such areas would increase, and some merchants in those communities would be hard hit. I do not claim that the acquisition of domestic silver is vital to our recovery program or to the maintenance of our national income, but I would not claim that it has no economic advantages.

There are some who concede this and yet fear that the additional acquisition of \$40,000,000 worth of domestically mined silver per year added to our monetary base is going to give rise to inflation. The annual acquisitions of newly mined domestic silver are so small in comparison with the magnitude of our monetary and credit structure, that its acquisition hardly presents any danger of inflation.

In conclusion, I consider the continuation of the powers contained in this bill essential for the maintenance of adequate monetary defenses for the United States. It is indispensable to the safeguarding of our export trade and the protection of our home markets. Its enactment will contribute both to domestic recovery and to international monetary stability.

I ask unanimous consent to have printed in the RECORD the majority report on the pending bill.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

The Committee on Banking and Currency, to whom was referred the bill (H. R. 3325) to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

STATEMENT

Section 1 of the bill amends section 10 (a) of the Gold Reserve Act of 1934 so as to provide that a report of the annual audit of the stabilization fund which was established by such section shall be submitted to the Congress as well as to the President.

Section 2 of the bill extends the powers of the President and the Secretary of the Treasury with respect to the stabilization fund for an additional period of 2 years, or until June 30, 1941, unless the President shall sooner declare the existing emergency and the operation of the stabilization fund terminated.

Section 3 of the bill provides for a similar extension of the powers of the President under section 43 (b) (2) of the act of May 12, 1933, as amended (the so-called Thomas amendment), which include the power to alter the metallic content of the dollar

and to acquire newly mined domestic silver for coinage and for addition to the monetary stocks.

Your committee believe that the further extension of these powers as provided by the bill will enable the President and the Secretary of the Treasury to meet any world monetary emergency which may arise in the next 2 years, and thus maintain the position of the United States in world trade.

The function of the stabilization fund, consisting of \$2,000,000,000, is to prevent undue day-to-day fluctuations in the foreign exchange value of the dollar.

The devaluation power has a dual function. It was originally granted and exercised to stabilize the dollar at its former international level after drastic depreciation of their currencies by other leading nations had seriously altered that level. Stabilization through devaluation could be effected again should further drastic depreciation of the currencies of other leading nations occur. However, the mere existence of the power acts as a strong deterrent to foreign nations contemplating such depreciation and therefore protects against the situation in which further devaluation would be necessary.

During the 3 years immediately preceding the creation of the stabilization fund in 1934, more than 30 nations departed from the gold standard and adopted either floating currencies or exchange controls. It was to meet, in part, these new monetary developments that the fund was created by the Congress. At the present time practically every country in the world has abandoned the pre-1931 gold standard. Consequently the values of foreign currencies depend chiefly upon the day-to-day decisions of governments based upon continually shifting economic, political, and monetary considerations. Under such conditions the operations of the stabilization fund are necessary to protect American trade by maintaining the dollar's position in the world market.

For about 2½ years after the passage of the Gold Reserve Act of 1934, our stabilization fund acted independently in attempting to stabilize the exchange value of the dollar. In 1936 France was confronted with a monetary crisis and depreciation of its currency seemed imminent. To minimize the disturbing effects of such depreciation on the international economy, to prevent currency depreciation wars, and to facilitate cooperation between the great commercial countries of the world looking toward the "restoration of order in international economic relations" and the maintenance of "the greatest possible equilibrium in the system of international exchange," the United States joined with the Governments of Great Britain and France on September 25, 1936, in the tripartite declaration of policy providing for cooperation among these nations on international monetary matters. Belgium, the Netherlands, and Switzerland have since become parties to this declaration. It should be pointed out, however, that the agreement does not require the United States to sustain the value of any other currency in relation to the value of the American dollar, and all arrangements under the tripartite declaration are terminable upon 24 hours' notice.

Your committee believes, therefore, that it is definitely in the public interest that this country continue to have the power, by means of the stabilization fund, to participate in the tripartite declaration and the related arrangements on an equal footing with other countries. The fund is, under present conditions, a powerful instrument for the protection not only of our stake in world trade but also of every American producer who competes in the American market with foreign producers. It is an indispensable weapon in preventing foreign exchange speculators from manipulating foreign exchange rates for their own profit to the injury of American business both at home and abroad. The mere presence of the fund deters speculators from attempting undesirable manipulations.

Secrecy as to the day-to-day operation of the fund is necessary to its success. That the Congress may be informed as to its operations, however, the bill provides that a report of the annual audit of the fund be submitted to Congress as well as to the President.

As a complement to the stabilization fund powers, section 3 of the bill extends the present authority of the President to alter the gold content of the dollar between 50 and 60 percent of its pre-1934 weight. On January 31, 1934, the President exercised this authority by reducing the gold content of the dollar from 25½ grains nine-tenths fine to 15½ grains nine-tenths fine, which was approximately 59 percent of its former weight. The gold content of the dollar has remained unchanged since that time. The Secretary of the Treasury testified before the committee that there is neither desire nor intent on the part of the administration further to alter the gold value of the dollar except under circumstances which clearly demand such action.

Within the past 5 years over 50 nations have changed the value of their currencies. Recurrent political crises and the danger of further political crises, and war, make it impossible at the present time to work out arrangements for the definitive stabilization of currencies. Furthermore there is no guaranty that other countries will not again depreciate their currencies in order to acquire for themselves a larger share of world trade. In this connection it is to be noted that the value of the currencies of the principal nations of the world may be altered at a moment's notice by action of the executive branch of the Government.

That depreciation of its currency by a leading foreign economic nation is detrimental to American industries producing for domestic or export consumption which compete with foreign producers becomes apparent upon examination of the situation in 1932. At that time the exchange rate on the English pound fell

to \$3.30. This meant that an article which sold in England for 1 pound and which prior to 1931 would have required \$4.86 for its purchase either in England or here could in 1932 be purchased in either country for \$3.30. This gave to the English manufacturer a competitive advantage of \$1.56 per pound sterling. In addition, ad valorem duties calculated on the dollar value of commodities were in effect substantially reduced. This combination of cost reduction and its consequent effect on tariffs greatly stimulated the importation into this country of English-made goods. The same was true with respect to the products of other countries to the extent that their currencies had been depreciated.

On the other hand, an English importer who prior to 1931 had been able to purchase \$4.86 worth of American goods per pound sterling could in 1932 purchase goods worth only \$3.30 for his pound. This acted as a severe deterrent to the export of goods from this country to England as well as to other countries having depreciated currencies.

With respect to commodities such as wheat, cotton, sugar, etc., the prices of which are determined in the world market, American producers also suffered greatly as a result of the depreciation of foreign currencies. For example, an American cotton producer, who received 1,000 pounds sterling for a given shipment of cotton could previously convert his pounds sterling into \$4,860. When the pound depreciated in terms of the dollar, and the exchange rate fell to \$3.30 the same American cotton producer could exchange his 1,000 pounds sterling for only \$3,300. This situation also served to depress the domestic prices of such commodities.

Because of the importance of international monetary stability to American producers and because of the present unsettled international economic conditions, as the Secretary of the Treasury has stated, for the United States to surrender any of its instruments for dealing adequately and promptly with international economic and monetary problems as they arise, would tie our hands at a time when immediate action might be crucial. Countries tempted to further depreciate their currencies in order to acquire competitive advantages in the world markets are discouraged from undertaking such action when the United States is ready to meet promptly any such challenge. As a result in the present unsettled international situation, stability, rather than instability, is given to international exchange rates by the existence of the power in the United States to deal promptly and effectively with any currency depreciation.

The power to revalue the dollar in association with the stabilization fund powers has been a dominant factor in helping to maintain favorable ratios between foreign currencies and the dollar, and has given added protection to our world trade.

Your committee agrees with the views expressed by the President of the United States in his communication of January 19, 1939, to the President of the Senate, that the international monetary and economic situation is still such that it would not be safe to permit the powers granted by the legislation creating the stabilization fund and the authority of the President to alter the weight of the dollar, within certain limits, to be terminated.

In view of the foregoing, your committee concludes that the need for continuing the powers of the President and the Secretary of the Treasury as provided in the bill has been established, and accordingly recommends that the bill be enacted.

Mr. McCARRAN. Mr. President—

The PRESIDING OFFICER (Mr. Lucas in the chair). Does the Senator from New York yield to the Senator from Nevada?

Mr. WAGNER. I yield.

Mr. McCARRAN. I wonder whether the Senator from New York will kindly tell the Senate why the United States should annually take a profit of 50 percent on domestically mined silver, when, as a matter of fact, silver is by law made a part of the monetary metal of this country.

Mr. WAGNER. The only answer I can give is that it has been the custom of the United States, ever since silver has been mined, and of other countries which indulge in the coinage of silver, to affix a governmental charge for coining silver.

There is this to be said, I think, that, even with that charge, the price the Government is paying for silver, I think the Senator will agree, is above the world market price of silver at the present time.

Mr. McCARRAN. Of course, the Senator from New York is entirely mistaken. The Senator from Nevada could not agree with the statement made by the Senator. The per-ounce price of the silver in the American dollar is fixed by law, that law having been enacted with the mintage law, as it was enacted in this country—

Mr. WAGNER. I think the Senator misunderstood me. I was talking about the price of silver bullion on the market; I was not talking about the American silver dollar, because that dollar will buy the same that any other dollar in our currency will buy.

Mr. McCARRAN. I agree that it may buy as much, but the Senator misconstrues the value of an ounce of silver in the American dollar. Evidently the Senator has not read the law regarding the value of an ounce of silver nine-tenths fine in the American dollar, because that is fixed by law at \$1.29.

Mr. WAGNER. I agree with that. I was talking about what silver would bring in the market. I was not talking about the price fixed by the Government, or what price the Government puts on it. Let me ask the Senator this question, if the price of silver were not fixed by the Government, what would be the market price of silver as bullion? I am not speaking of the dollar.

Mr. McCARRAN. I would answer that in the Yankee way: What would be the price of gold if it were not fixed by the Government? Gold and silver are the basic metals in the money of the country; and when we eliminate gold we eliminate one of the basic elements of the money of this country; and when we eliminate silver we eliminate another of the basic elements of the money of this country.

Let me answer just a little further while the Senator is on the floor.

Mr. WAGNER. Will not the Senator speak in his own time?

Mr. McCARRAN. No; I want the Senator to answer, though I know he is tired, and I do not want to delay him too long.

Mr. WAGNER. That is all right. The Senator realizes, of course, that I am for the continuation of the power to purchase domestically mined silver, so I do not want to be classed in opposition to the Senator, although I do not think I will be able to vote for the proposal that the Government should be required to pay \$1.04 per ounce for silver.

Mr. McCARRAN. Why should it not pay \$1.04 when it monetizes it at \$1.29? Will the Senator kindly explain that to me?

Mr. WAGNER. The Senator compares gold and silver. As a matter of fact, there is another thing which is not generally understood—

Mr. McCARRAN. I did not compare anything in the question I just propounded. Why should the Government pay less than \$1.04 for silver when it monetizes the same commodity at \$1.29?

Mr. WAGNER. I cannot answer that question.

Mr. McCARRAN. I know the Senator cannot answer it, and I appreciate his whole position.

Mr. WAGNER. That is a matter of monetary policy. The Senator referred to gold a moment ago. Some statements have been made here which are misleading; for instance, that we are getting so much gold in this country at this time—and we have about sixteen billion—because we are paying a high price for gold. That is not a fact, because every other country in the world pays the same price for gold that we pay.

Mr. McCARRAN. Why have not the other countries acquired the gold?

Mr. WAGNER. Because those who own the gold, those who possess it, want a safe haven, a safe refuge, a place where the gold will be safe. They therefore bring it to this country, as a matter of safety.

Mr. McCARRAN. We have become a great depository for gold.

Mr. WAGNER. We are a depository of some gold brought here by governments and by central banks.

Mr. McCARRAN. Let me make one more statement—

Mr. WAGNER. I want to explain the matter, because the Senator referred to it, and I do not want any confusion.

Mr. McCARRAN. I want the Senator to explain the whole thing at one time, and I should like to ask him another question.

Mr. WAGNER. The Senator spoke about our being a depository for gold. That has nothing to do with the \$16,000,000,000 in gold which the United States owns.

Mr. McCARRAN. But we own only one billion of the sixteen billions. Will the Senator admit that?

Mr. WAGNER. No.

Mr. McCARRAN. According to what the Senator has just stated, the rest is only a part of the deposit that has come into this country from foreign countries.

Mr. WAGNER. No. There is on deposit in the United States about \$800,000,000, and that has nothing to do with the sixteen billion about which we are talking.

Mr. McCARRAN. One billion.

Mr. WAGNER. I say sixteen billion. That eight or nine hundred million is not owned by the United States Government at all.

That is simply brought here for safekeeping. We are merely a custodian of gold belonging to other countries. That has nothing to do with gold brought to the United States by individuals which at once is sold to the Government. The United States owns that gold. The two propositions are entirely different, but they are sometimes confused.

Mr. McCARRAN. I may say to the Senator that, as I understand the report, less than \$1,000,000,000 of the gold is actually owned by the Government of the United States.

Mr. WAGNER. Oh, no; the Senator has been misinformed.

Mr. McCARRAN. No; I have not been misinformed. I take as my authority the records which I propose to introduce.

While the Senator from New York is on his feet I wish to ask him a question. Only a billion dollars of gold is owned by the United States. The remainder is variously earmarked, some to the Federal Reserve bank and some to foreign governments which have brought the gold to the United States to be placed in charge. If the Senator would make a further study of that matter—and I want to be frank with the Senator, and say that I think he tried to make a study—I believe he will come to the same conclusion to which I have come.

Mr. WAGNER. I can only rely on the records of the Treasury of the United States. The Senator is talking about two different things. The money that is earmarked belongs not to the United States but to foreign governments which have brought it over here.

Mr. McCARRAN. That is correct.

Mr. WAGNER. That is gold brought over here simply for safekeeping. Our Government has nothing to do with it. But billions of dollars of gold have come into the United States which the United States has acquired—of course, the individual cannot keep it—and that is the property of the United States. In all, there are some \$16,000,000,000 of this gold.

Mr. McCARRAN. Which belongs to the United States?

Mr. WAGNER. Which belongs to the United States.

Mr. McCARRAN. Sixteen billion dollars?

Mr. WAGNER. Mr. President, I have just sent for a pamphlet containing a letter I addressed to the Secretary of the Treasury on this subject.

Mr. BONE. Mr. President, while the Senator is seeking for the matter to which he just referred may I inquire of him about one matter?

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Washington?

Mr. McCARRAN. Mr. President, may I ask the Senator from Washington to desist for just a moment? I wish to go back to the silver question, and then I will not hold the floor any longer by way of inquiry.

Mr. WAGNER. In the letter to the Secretary of the Treasury, to which I just referred, I asked the question:

Who owns the gold now in the Treasury?

The answer was:

The title to all gold held by the Treasury, now amounting to about \$15,000,000,000, is vested in the United States.

The amount has increased somewhat since this was written.

Mr. McCARRAN. Mr. President, does the Senator think the Secretary of the Treasury correctly answered his question?

Mr. WAGNER. Yes; I think he did.

Mr. McCARRAN. Of course, I do not think he did. I think the Secretary avoided the Senator's question. In other words, title is one thing and ownership is another.

Mr. WAGNER. I think the Secretary of the Treasury intended them to mean the same thing.

Mr. McCARRAN. I do not think they are. I do not think even the able Senator from New York ever thought so.

Mr. WAGNER. If the Senator is speaking of absolute ownership and title, they are exactly the same thing. If the Senator is talking about conditional ownership, that is another thing.

Mr. McCARRAN. No; title may be one thing and ownership is another. I may have title to a piece of real estate, but I may not own it. I may hold it in trust.

Mr. WAGNER. Then the Senator is not the owner but is the trustee.

Mr. McCARRAN. No; I am the title owner.

Mr. WAGNER. The Senator is the title owner as trustee.

Mr. McCARRAN. The United States has title to all the gold in the United States today except something less than \$1,000,000,000.

Mr. WAGNER. The \$16,000,000,000 of gold is owned by the Government, and the Government has issued its gold certificates for it. Of course, all sorts of technical questions may be raised.

Mr. McCARRAN. I believe the Senator would not stand by the statement that the Government has issued certificates for it.

Mr. WAGNER. Certificates were issued to the former owners—to those who sold it. If you have gold and you sell it to the Government, you are going to get paid for it.

Mr. McCARRAN. What has become of those certificates?

Mr. WAGNER. They are probably deposited in the Federal Reserve banks.

Mr. McCARRAN. In the Federal Reserve banks?

Mr. WAGNER. I do not want to be held to that answer because I am not sure about it.

Mr. McCARRAN. The certificates are not in circulation. Let us put it that way. Am I correct that those certificates are not in circulation?

Mr. WAGNER. The individual who sells the gold undoubtedly is entitled to the use of the money which he secures from the Government. The certificates are probably on deposit somewhere.

Mr. McCARRAN. No; let us be frank with each other. The gold certificates are not permitted to come into circulation.

Mr. WAGNER. The gold certificates are not; that is true.

Mr. McCARRAN. That answers the question. Let us now come back to the silver question. The Senator, I take it, does not believe, or I would put it this way—at least he ought not believe that the Government should acquire 50-percent profit on a basic monetary metal.

Mr. WAGNER. I did not quite grasp that question. May I ask the Senator to repeat it?

Mr. McCARRAN. I do not think the able Senator from New York believes that the Government should acquire a 50-percent profit on that which is a basic monetary metal.

Mr. WAGNER. Does the Senator feel then that instead of charging \$1.29 per ounce we should charge only \$1 per ounce, so that the Government charge for seigniorage will be less?

Mr. McCARRAN. Yes; I believe so, because that is the way the Government sells or puts out the money to the individual, to the Senator, and to me and to the fellow in the street. It is put out at \$1.29 to the fellow in the street. Why should the Government charge 64 cents for putting out a dollar for which it charges the fellow on the street \$1.29?

Mr. WAGNER. What I was trying to find out is this: Of course seigniorage is the profit, is it not, that is charged for the minting?

Mr. McCARRAN. Not necessarily.

Mr. WAGNER. It is usually a profit to the Government.

Mr. McCARRAN. It was originally charged for mintage.

Mr. WAGNER. I understand.

Mr. McCARRAN. And it was very much less than it is now. But down through history that seigniorage has been increased to a point where now it involves not only the cost of producing a dollar, which is not 64 cents, but it includes a profit to the Government which is charged on the books as a profit to the Government.

Mr. WAGNER. That is what I was trying to say to the Senator. It represents both the minting charge and profit to the Government. Is it now the Senator's idea that we should reduce that charge which the Government makes to the producer, but at the same time not to increase the price which the Government now pays to the miner for the silver which the Government purchases?

Mr. McCARRAN. Yes. I may explain to the Senator that when I produce an ounce of silver it is worth \$1.29 in monetary value. The Government puts it out at \$1.29. However, when I produce it and bring it to the mint the Government says, "We will give you 64.64 cents for it. That is all we will give you. But we will put the money out to you—we will hand you the dollar right back today at \$1.29." Does the Senator believe that is a correct procedure?

Mr. WAGNER. It would be correct if the Government is justified in charging 64 cents as seigniorage.

Mr. McCARRAN. Seigniorage service represents the cost of minting.

Mr. WAGNER. Is it the Senator's idea that we should keep the price at 64 cents because that is generally conceded to be a fair price?

Mr. McCARRAN. No, no.

Mr. WAGNER. Does the Senator propose that we add to what the producer gets for the silver the amount by which we reduce the seigniorage?

Mr. McCARRAN. Absolutely. Why should the Government acquire a profit on a bushel of corn? Why should silver be considered a commodity when its monetary value is fixed by law? Why should it be considered to be a commodity the same as a bushel of corn or a bushel of wheat?

Mr. WAGNER. We agree that the Government ought to purchase this silver. The only question is as to the matter of price. It may be difficult to defend. I wish to hear from other Senators. My mind is open on the question, because I know what the Senator from Nevada is driving at. He wishes to get more money per ounce of silver for the producer. Is that not true?

Mr. McCARRAN. No; I beg the Senator's pardon.

Mr. WAGNER. Then what is it?

Mr. McCARRAN. I want more money put into circulation, which in turn will give to the producer of silver more for his product.

Mr. WAGNER. Well, then, is the Senator willing to give the producer more for his product? In other words in place of 64 cents per ounce which he now receives, as I understand the amendment, the Senator proposes that the Government pay him \$1.04 per ounce?

Mr. McCARRAN. That is correct; leaving 25 cents for mintage.

Mr. WAGNER. Putting it in plain English, that is an increase per ounce to the producer from 64 cents to \$1.04.

Mr. McCARRAN. No; it is a decrease from \$1.29 down to \$1.04.

Mr. WAGNER. Well, whichever way you put it.

Mr. ADAMS. Mr. President, will the Senator yield?

Mr. WAGNER. I have finished. Before the Senator begins I may say that the Senator from Washington [Mr. Bone] asked me to yield a moment ago just for a question.

Mr. McCARRAN. Before the Senator concludes may I thank the Senator from New York? I know he is tired. He has been on his feet for a long time and I did not mean to heckle him at all.

Mr. WAGNER. Not at all, Mr. President. I enjoy these discussions because the subject is a very interesting one.

Mr. McCARRAN. I thank the Senator from New York.

Mr. WAGNER. But I have not yet been persuaded that the Government ought to give a higher sum.

Mr. McCARRAN. I thank the Senator from New York for holding an open mind, and if the Senator wishes to be persuaded we will get a vote from New York State.

Mr. BONE and Mr. ADAMS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield to the Senator from Washington.

Mr. BONE. From the moment it became the legislative policy of the Government to take possession of all the gold in the country, and to impound it and bury it at Fort Knox, it has not been made plain on the floor of the Senate or the House either, so far as I recall, who owns this gold. I think we have not yet clarified that question and I believe the people of the country ought to know about it.

The Senator from New York says the Government issued certificates for the gold. I take it he simply means that the Government issued gold certificates which have now passed into the hands of private banks. I do not know what that procedure indicates. Does the Senator imply that it is a sort of bailment, and that we are holding the gold in trust?

A certificate must have some meaning, or be utterly meaningless. If it is a certificate of deposit, or a form of bailment, then the private bankers own the gold and the Government does not own it.

As a Member of the Senate I should like to know who owns the gold in the country. If the certificates are outstanding and the gold has not been paid for with lawful money of the United States, such as ordinary Treasury certificates, but the Government holds the gold, with a number of certificates outstanding in the hands of private bankers, obviously the certificates, if they mean anything at all, mean that the Government is holding the gold, and it is simply in the form of a bailment.

Perhaps I am assuming too much; but when we employ the term "certificate," if certificates have been issued and are now in the hands of bankers, I think that situation carries the implication that the gold actually and honestly belongs to the bankers.

That condition raises the question which the Senator from Nevada [Mr. McCARRAN] raised. Who owns the gold? If certificates are issued to private bankers, obviously they have a claim on the gold. Otherwise we would merely give them lawful money of the United States and let not only the naked title but the actual ownership in fee simple rest in the United States Government.

I should like to have that question cleared up by someone.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. WAGNER. I yield.

Mr. TAFT. With respect to the approximately \$16,000,000,000 in gold, title to which is in the Government, is it not true that certificates are issued to the Federal Reserve banks, and that the Government in effect owes \$13,000,000,000 of it to the Federal Reserve banks? It does not appear in the Government statements in one way or the other. The Government owns only some \$3,000,000,000, of which \$2,000,000,000 is in the stabilization fund, the remainder being in the general balance.

Is not that the general situation?

Mr. WAGNER. I do not entirely agree with that statement. We are again getting down to technicalities. The question is similar to the question which was once discussed, as to who owns the cotton when the Government makes a loan upon cotton. In that case the Government did not own it. The producer still owned the cotton, and the Government simply held the cotton as collateral. In this case the Government takes the gold. You cannot have it. I cannot have it. The Government takes the gold and issues certificates against it. That gold may subsequently be used. It may be withdrawn only for certain specific purposes, principally the settlement of international balances.

Mr. TAFT. Under the law the certificates may be held only by the Federal Reserve banks.

Mr. WAGNER. That is true.

Mr. TAFT. The Federal Reserve banks may obtain the gold only in order to export it from time to time.

Mr. WAGNER. To pay international balances.

Mr. TAFT. I should like to ask the Senator another question. I listened to his long and scholarly address; and I understood him to take the position that devaluation of the dollar is a desirable means of raising domestic prices. He stated that devaluation was done by one country after another, and that each time it succeeded in increasing prosperity. Am I now to understand the Senator to be claiming that the proposed power should be given to the President so that if he thinks domestic prices are too low, or if he thinks devaluation is the way out of the depression, he may devalue the dollar?

Mr. WAGNER. No; and I made no such statement. A number of factors entered into our recovery, beginning with 1933, when we were in the midst of a terrific deflation. At that time our deflation continued because other countries had already depreciated their currencies. Our dollar was high, and for that reason other countries had an advantage over our exporters in the markets of the world and had an advantage over our producers in our domestic markets as well because the tariff barriers were reduced to the extent to which foreign currencies were depreciated, and thus foreign products came in and competed with our domestic products. In a decade there had not been such low prices paid for exported commodities as well as imported commodities.

Mr. TAFT. If the Senator thinks—

Mr. WAGNER. Permit me to finish. That condition continued. We were going down and down. Then we left gold. From the time we started off the gold standard until we actually devalued, the deflationary movement stopped, and prices began to go up.

Mr. CONNALLY. Mr. President, will the Senator yield.

Mr. WAGNER. I yield.

Mr. CONNALLY. The Senator says we went off the gold standard. I do not think the statement of the Senator is accurate. The gold standard still exists, at 59 percent of what the gold standard has always been. What the Senator means is that we discontinued gold payments.

Mr. WAGNER. We stopped gold payments.

Mr. CONNALLY. The gold standard is still in existence.

Mr. WAGNER. I do not want to become too technical about words. Accurately speaking, we did not go off the gold standard, but we did stop payments in gold; and from that time on the price of gold began to go up and the price of the dollar began to go down; and in January 1934 we devalued down to 59 percent. Whether or not one says there were other factors—and I will not dispute that statement—the fact is that our deflationary spiral stopped when we devalued, and prices began to go up, and they have held up pretty well ever since.

Mr. TAFT. We are now in another depression. Would the Senator go through the same process again?

Mr. WAGNER. No; we are not in another depression, whatever the Senator may say. Perhaps the Senator was not paying much attention to national affairs in 1932 and 1933. If he says the condition of the country in 1933 is comparable with the present condition, then he has not been a student of our economic trends.

Mr. TAFT. If the Senator is satisfied with 10,000,000 people out of work, we might as well go home and let the country alone and not try to do anything about legislation.

Mr. WAGNER. Since 1929 about 5,000,000 persons have been added to our eligible working population. So today we have as many employed as we had in 1929, but many young men have since become of age. Approximately 600,000 or 700,000 young men become of age every year, which makes a difference. There will be other times to enter into that discussion.

The Senator has asked a question. I do not think anyone will deny that our deflationary trend—and it was terrific at the time; it was on the point of economic disintegration—was halted. We stopped paying in gold and finally devalued.

Mr. TAFT. I deny that that circumstance had anything to do with what happened, if the Senator would like a denial.

Mr. WAGNER. The denial is not as important to me as it is to the Senator, much as I appreciate his views upon that subject. The Senator apparently believes that the result was a mere coincidence.

Mr. TAFT. Before the committee Secretary Morgenthau advocated—

The PRESIDING OFFICER. Does the Senator from New York further yield to the Senator from Ohio?

Mr. WAGNER. The Senator has asked me a question, which I should like to answer.

The PRESIDING OFFICER. The Senator must observe the rules of debate.

Mr. WAGNER. Considering wholesale prices of all commodities in the United States, taking 1928 as 100, February 1933 shows a level of 61. The prices of many commodities went up. Many farm commodities doubled in price, as the Senator heard from representatives of the farm organizations before our committee. That is why those organizations are so strongly urging the continuation of this power as a matter of defense. I do not want to become too partisan about the matter, but Mr. Frank Gannett, who is an eminent member of the Senator's party, the other day made an address in which he said that we are not devaluing enough; that if we want to help the farmer to obtain better prices we should devalue further.

Mr. TAFT. I am asking whether or not the Senator is now advocating a devaluation of the dollar to raise prices.

Mr. WAGNER. We have not devalued since 1934. The only reason why I want the power continued is for the same reason that a unanimous Senate wanted it continued 2 years ago. There was not a dissenting vote 2 years ago when we extended the power. I want it to be used as a possible weapon against efforts of other countries to depreciate their currencies and seek a competitive advantage over our exporters, as well as in our domestic market. I am sure the fact that the President has had the power to devalue has prevented several efforts to depreciate currencies, which in my opinion would have been executed but for the power which the President had.

The Senator characterized my address as a scholarly address. I know it is not. The Senator merely wanted to be kind. However, I tried to present the facts. As the Senator knows, only a short time ago England began to abandon its pound, and the pound began to go down. Our Government began to inquire what the intention of England was. We wanted to know whether or not she intended to continue to let the pound drop. England was reminded that the President had power to meet any effort to gain advantage over our business people. England stated that the business people of England, particularly the exporters, wanted devaluation to obtain an advantage in the markets of other countries. One advantage which was sought was against our business people. We had the power to devalue, and England knew that if she started a monetary war we had power to come down at least 9 percent further to meet any effort at depreciation; and England stopped that effort.

I want this power for the same reason that we have a navy. No Senator would want to use our Navy unless it were necessary. We want to be in a position to say to other countries, "Do not try to attack us, for we have a navy." The result is that we are not being attacked.

There are some people in this country who say we ought to set an example to the rest of the world by not having a navy. I do not think we are prepared to do that. There are some who say let us not repose this power in the President.

Mr. TAFT. What power?

Mr. WAGNER. The power to devalue the dollar in case other countries should undertake to devalue their currencies. We have been going on for all these years without any effort at devaluation, although we have been watching very alertly the action of other governments.

France abandoned the franc, and it went down; but we did not then devalue our dollar. The stabilization fund was sufficient to take care of that situation, because our business with France was not sufficiently great to justify any further action than simply going in and supporting the franc.

Mr. TAFT. Mr. President, will the Senator yield further?

Mr. WAGNER. I have not as yet read the prices.

Mr. TAFT. In the statement of the Secretary of the Treasury the only possible reason he gave for exercising this power was the possibility of meeting a competitive devaluation by England. I was considerably alarmed when the Senator from New York during his speech apparently considered devaluation as a means of meeting depressions and raising domestic prices entirely independent of any other action.

Mr. WAGNER. No; the Senator is not correct in that suggestion.

Mr. TAFT. Of course, once we grant the power, it is true the President may adopt that theory again, as he did once before, may he not?

Mr. WAGNER. It was a very serious international situation that finally compelled us to devalue our dollar and reduce the gold content of our dollar. If the Senator will do me the honor to read what I have said, he will find that I spoke only of an international monetary crisis, and that I want the power to exist only as a possible weapon for use if other countries should depreciate their currencies sufficiently to affect our business.

In other words, we ought to have laws upon the statute books to protect our businessmen and to provide a stable international exchange. The power conferred by this bill helps to stabilize that exchange. We are not seeking a monetary war; on the contrary, we joined the tripartite agreement. As a matter of fact, I think it was initiated by this country. Why? In order to provide a stable ratio between the different currencies. That agreement is now in existence, but it is something no country is bound to adhere to. However, we are doing everything possible to prevent the depreciation of currencies of other countries and to maintain a stable dollar in international exchange.

Mr. TAFT. Mr. President, will the Senator yield for one more question?

Mr. WAGNER. I have not answered the first question yet. The Senator refers to prices and raises a query whether the devaluation of the dollar has made any difference in prices. I have here the record of the increase in prices. If the Senator is interested I will read them. Is the Senator interested in prices?

Mr. TAFT. I think I have them already, but I will be glad to hear them stated.

Mr. WAGNER. I thought the Senator made the point about the effect on prices. I have the figures here from 1932, including all commodities. The figures are as follows:

In 1933, 61; 1934, 76; 1935, 82; 1936, 83; 1937, 89; 1938, 82; and the present year 79 plus.

Mr. TAFT. We have raised prices from 60 to 78 by devaluing the dollar 41 percent. Is that about the effect?

Mr. WAGNER. I said during the course of my remarks that I did not contend that devaluation of the dollar was the only factor; there were other factors which entered into it but the devaluation of the dollar was an important factor.

Mr. TAFT. It was a strangely ineffective factor if it could only cause an increase from 60 to 78 when the dollar was devalued 41 percent.

Mr. WAGNER. Is not that a pretty good increase—from 61 to nearly 80? I think that is a very substantial increase, considering all commodities. It is something which I think should not be ignored.

Mr. TAFT. One more question. What is exactly the emergency that justifies our delegating this constitutional power? I could not understand from the Senator's speech just what that emergency is.

Mr. WAGNER. Does not the Senator appreciate there is a chaotic condition in the world today?

Mr. TAFT. Certainly, war is one thing; but under war conditions no nation would undertake to devalue the dollar.

Mr. WAGNER. We read every day of different countries attempting to increase their exports so as to get credit in other countries and doing everything to increase their trade in the foreign markets. Currency depreciation has been a very effective method of gaining export trade in the past. With other countries having devaluation in mind, and discussing it and making actual efforts to devalue—England made one not very long ago and the pound dropped slightly, but England supported the pound after discussions with our officials. I say that we have an emergency, and, if anything, it has been intensified since 1933.

Mr. TAFT. Does the Senator see any reason why that emergency is not going to last for the next 15 years, and does he see any reason to suppose that that condition is not perfectly normal under world conditions, and will be for a long time to come?

Mr. WAGNER. We are asking for an extension of the power for 2 years. We are not asking this extension for 15 years. We will have to meet the situation when the time comes.

Mr. ADAMS obtained the floor.

Mr. CONNALLY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Danaher	La Follette	Reynolds
Andrews	Davis	Lee	Russell
Ashurst	Donahay	Logan	Schwartz
Austin	Downey	Lucas	Schwellenbach
Bailey	Ellender	Lundeen	Sheppard
Bankhead	Frazier	McCarran	Shipstead
Barkley	George	McKellar	Slatery
Bilbo	Gerry	Maloney	Taft
Bone	Gillette	Mead	Thomas, Okla.
Borah	Guffey	Miller	Thomas, Utah
Bridges	Gurney	Minton	Tobey
Brown	Harrison	Murray	Townsend
Bulow	Hatch	Neely	Truman
Burke	Hayden	Norris	Tydings
Byrd	Hill	Nye	Vandenberg
Byrnes	Holman	O'Mahoney	Van Nuys
Capper	Holt	Overton	Wagner
Chavez	Hughes	Pepper	Walsh
Clark, Idaho	Johnson, Calif.	Pittman	Wheeler
Clark, Mo.	Johnson, Colo.	Radcliffe	White
Connally	King	Reed	Wiley

The PRESIDING OFFICER. Eighty-four Senators having answered to their names, a quorum is present.

Mr. ADAMS. Mr. President, I send to the desk an amendment to the pending bill and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado will be stated.

The CHIEF CLERK. On page 2, it is proposed to strike out lines 3 to 13, both inclusive, and to insert in lieu thereof the following:

SEC. 2. The second sentence added to paragraph (b) (2) of section 43, title III, of the act approved May 12, 1933, by section 12 of said Gold Reserve Act of 1934, as amended, is further amended to read as follows: "The powers of the President specified in this paragraph shall be deemed to be separate, distinct, and continuing powers, and may be exercised by him, from time to time, severally or together, whenever and as the expressed objects of this section in his judgment may require; except that the powers so specified which relate to the alteration of the weight of the dollar and subsidiary coins shall expire June 30, 1939, and the powers so specified which relate to the issuance of silver certificates and the coinage of silver dollars and subsidiary coins shall expire January 15, 1941, unless the President shall sooner declare the existing emergency ended."

Mr. ADAMS. Mr. President, the amendment which is offered would strike out the second portion of the pending bill.

The pending bill contains two basic things: One is the extension of the stabilization fund and the powers for its exercise. This amendment does not touch that matter. The second portion of the bill seeks to continue the power of the President to devalue the currency of the United States. This amendment would strike out that power, so that the power to devalue would terminate on the 30th of June.

The domestic purchase of silver does not enter into this particular question, because if this amendment is not agreed

to the domestic purchase of silver will continue under the pending bill. The amendment I have submitted excepts the domestic purchase of silver, and continues that power, so that the silver question does not enter into this discussion.

I am speaking in a sense representing the conclusion of one-half the membership of the Banking and Currency Committee, which had extensive hearings upon this question. No member of the Banking and Currency Committee is responsible for the reasons which I ascribe, but they did agree as to the conclusion. There was an even division; and it seemed to me that when one-half of the committee felt that this power should not be extended, it was eminently proper that a minority report should be submitted, and that the views of that half of the Banking and Currency Committee should be submitted to the Senate.

In my judgment, two things are essential to economic recovery in the United States. The first is confidence in the soundness and the just purposes of our Government and in the economic future of our country. Until we have in the minds of the American people a condition of confidence in the soundness and just purposes of their Government and in the economic future of our country, we shall have no recovery. The second essential is the establishment and the maintenance of consumer buying power. There must be not only the need and the desire to purchase goods, but the capacity to pay for them.

In my judgment, devaluation of the currency strikes down or impairs both of these essentials to recovery. It tends to promote uncertainty and instability. No man may safely make a contract on Monday if he has no assurance that the medium of payment on Tuesday will be that which he contemplated when his contract was made. Men put money in the bank on Monday. With the devaluation power existing, no man knows that his bank deposit will not be devalued 15 percent when he goes on Tuesday morning to get it. The result is that contracts and commercial operations within and without the country are in a state of uncertainty; and one essential of all commercial progress is certainty.

The situation as to consumer purchasing power, I think, may well rest upon the statement of the Chief Executive, who said on May 22 of this year:

In the last analysis, therefore, consumer buying power is the milk in the coconut of all business.

He further said in the same address, which was delivered to the American Retail Federation in their national convention:

I tell my visitors—

He was speaking of those who came to see him at the White House—

I tell my visitors that never so long as I am President of the United States will I condemn * * * the business enterprises of the United States to the loss of millions of dollars' worth of customer purchasing power.

In my judgment, the devaluation of the gold dollar in 1934 destroyed a large part of the consumer purchasing power of the country; and it is now proposed to add a further 15 percent to that impairment and destruction.

In my judgment, one of the major impediments to recovery, one of the great obstacles which have slowed down this country in its forward movement along economic lines, has been the necessity of overcoming the impairment and destruction of the purchasing power of the consumers of the country through the devaluation of their currency.

In 1933 and 1934 the United States took over all the gold in the land. They took from the Federal Reserve banks their vast accumulations. Every citizen was ordered to bring in his gold. The citizen was paid approximately \$20 an ounce. The Federal Reserve System had acquired its gold upon the established gold prices. The Government, having reduced to its own possession and ownership all the gold in the United States at the then current prices, proceeded to reduce the content of the gold dollar 41 percent, and thus increased the dollar value of the gold in its possession 41 percent. It therefore took from the citizen his gold

pieces, paid for them on the basis of gold at 25 grains to the dollar, and gave to the citizen Federal Reserve certificates or some other form of money on a basis of 15 grains to the dollar; and the Government proceeded to appreciate the gold which it had bought by 41 percent, thus depreciating by 41 percent the currency with which it had paid the citizen. The Federal Reserve banks hold in a sort of an uncertain way gold certificates of deposit.

The Senator from Washington made inquiry a while back as to the ownership of the gold. The daily statement of the United States Treasury of June 15, which I have before me, includes as an asset of the United States Government gold to the amount of \$16,027,705,918.54. It offsets as liabilities gold certificates outstanding, outside of the Treasury, in the amount of \$2,887,667,279. It includes the gold certificate fund—Board of Governors, Federal Reserve System, \$10,625,275,119.95; redemption fund—Federal Reserve notes, \$9,466,544.33; gold reserve, \$156,039,430.93; exchange stabilization fund, \$1,800,000,000; working balance and gold in the general fund, \$549,257,544.33.

Answering the Senator's question perhaps a little more literally than he wishes, the title to the gold in the United States. There are certain certificates outstanding upon which, under certain conditions, gold may be obtained, but the Federal Reserve bank, and no one else except the United States, owns any of this gold. There is certain earmarked gold which is not included in this statement.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. BONE. We have set up a status, but I find it difficult to get a clear picture of it. What do these certificates imply? Do they imply the right of a bank ultimately to have the gold? I am not asking this in a critical spirit; I am merely seeking information. Suppose we changed this status and went back to the status which existed before the Government seized the gold? Then what would be the status of the gold? Would the private banks be entitled to have the gold on the basis of the certificates outstanding? If we should reverse the whole process and go back to the situation in 1933, who would own the gold, and how much would be privately owned and how much Government owned?

Mr. ADAMS. The Senator is trying to penetrate some of the mystic rites of the Treasury. As a member of the Committee on Banking and Currency, I have tried repeatedly to penetrate those mysteries myself.

Mr. BONE. I am sure the Senator will agree that if there is any group on the face of the earth entitled to penetrate this veil of mystery, it is the United States Senate and the House of Representatives. If we are unable to learn anything about these mysteries, certainly the average man in the street would be hopelessly befuddled. I think the Senator will agree that we are entitled to know, and I am no more informed now than I was when I first asked the question as to who owns the gold for which there are outstanding certificates, which to me imply a bailment of some sort.

Mr. ADAMS. The United States Government owns the gold. It is not a bailment. The Government has a clear title to the gold. There are certain curious things in our financial set-up. For instance, originally, when the Federal Reserve banks were established, we provided that they should issue Federal Reserve notes based upon a gold coverage of 40 percent, so that every Federal Reserve note was redeemable in gold, and the gold was in the Federal Reserve bank to redeem it. Today the Federal Reserve currency is redeemable only in Federal Reserve currency. We may go back as often as we please and have it redeemed in its own kind. We cannot get an ounce of gold. We are on a gold standard, I think unquestionably on a gold standard, which is the unit of value, the thing by which we measure values. But it is not possible to obtain any of the metal which constitutes the unit of value.

In the Federal Reserve banks there are certain so-called gold certificates. They have taken the place of the actual gold which was there, and in some way, undefined, it is expected that some day, if the Federal Reserve banks need

the gold, the Treasury Department may let them have it upon these certificates. But the certificates do not entitle them to go and get the gold. They are, however, under the law, used as the coverage for the Federal Reserve notes.

Mr. BANKHEAD. Mr. President—

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Does the Senator from Colorado yield to the Senator from Alabama?

Mr. ADAMS. I yield.

Mr. BANKHEAD. On that point I should like to ask the Senator what rights the Federal Reserve banks have under those gold certificates. Is it not true that if the impounding of the gold by the Government were abandoned, the Federal Reserve banks, under those certificates, would have the right both to the possession and title to the gold?

Mr. ADAMS. I should think so.

Mr. BANKHEAD. Then it is not true that the Government has an absolute title in the gold?

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. We differ. Let me read a bit of the statute at this point. The Gold Reserve Act contains this provision:

Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BANKHEAD. There is another provision authorizing the Treasury to provide regulations covering the transfer, and under the regulations provided under that statute the Federal Reserve has a right to recover that gold.

Mr. ADAMS. In the same section the law proceeds to provide that—

In payment therefore credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this act amended. * * * Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine.

All gold so transferred, not in the possession of the United States, shall be in custody for the United States, and delivered upon the order of the Secretary of the Treasury, and the Federal Reserve Board, the Federal Reserve banks, and the Federal Reserve agents shall give such instructions and shall take such action as may be necessary to assure that such gold shall be held and delivered.

Mr. KING. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. KING. Does not the Senator believe that there is an element of trusteeship, or a fiduciary relationship between the Federal Government and the Senator and myself, if the Government comes and takes our gold? If we do not accept that view, then it seems to me we endorse a policy of confiscation, accept the view that the Government may seize our property, and, by giving us a little certificate, deprive us of our ownership, and not impose upon itself the element of trusteeship, or the relationship of a fiduciary to his client.

Mr. BORAH. Would not the element of trusteeship be a mere delusion?

Mr. KING. It may be, under the attitude of some of the elements today in this administration, but actually it would not be, and in morals and in ethics it ought not to be.

Mr. BONE. Mr. President, I think the answer to the question of the Senator from Alabama makes plain that there is still a string attached to the gold, that there is still an element of private ownership in the gold. I am neither affirming my own allegiance to that viewpoint nor denying its validity as a viewpoint worth while, but if the Government intends to take possession of this gold and to own it in fee simple, why would it not have been the proper course for the Government to give Treasury certificates for it, which are actually legal tender, money of the United States, instead of these so-called certificates which carry the implication of a bailment or string attached to the gold? It has not been made plain what these certificates are, but I take it they do convey some sort of possible claim to the use of

the gold at some time. I do not think any of this matter has been made plain, or that any of us are convinced in our own minds as to who owns the gold.

Mr. ADAMS. Mr. President, the United States Government took into its possession all of the gold. It paid for the gold at the then standard rate. After it had taken the gold dollars, it devalued them, so the gold certificates represent what the Federal Reserve banks hold, and conceding there is a string attached, it is a string on 59 percent of the gold which was taken over when the Government got all of the gold. In other words, the Federal Government asserted the right to take possession and pay the Federal Reserve gold certificates at 59 percent of the value of the gold which it took.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. In connection with the remarks made by the Senator, I ask unanimous consent to place in the RECORD at this point a copy of the law seeking to establish the ownership in the gold. The Senator has read just one section. There are two sections in the law. The first section authorizes the Treasury to take the gold. The second section referred to the Gold Reserve Act, which tried to place the ownership in the Treasury of the United States, namely, in the people of the United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Section 3 of Public, No. 1, Seventy-third Congress, approved March 9, 1933, contains the following language:

"Whenever in the judgment of the Secretary of the Treasury such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations, and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates owned by such individuals, partnerships, associations, and corporations. Upon receipt of such gold coin, gold bullion, or gold certificates, the Secretary of the Treasury shall pay therefor an equivalent amount of any other form of coin or currency coined or issued under the laws of the United States * * *."

Section 2 of Public, No. 87, Seventy-third Congress, known as the "Gold Reserve Act," and approved January 30, 1934, contains the following language:

"SEC. 2. (a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and gold bullion shall pass to and are hereby vested in the United States; and in payment therefor credits in equivalent amounts in dollars are hereby established in the Treasury in the accounts authorized under the sixteenth paragraph of section 16 of the Federal Reserve Act, as heretofore and by this act amended (U. S. C., title 12, sec. 467). Balances in such accounts shall be payable in gold certificates, which shall be in such form and in such denominations as the Secretary of the Treasury may determine * * *."

Mr. THOMAS of Oklahoma. Mr. President, I hold in my hand a copy of the rules and regulations of the Treasury Department relative to the ownership of gold and the handling of gold. I myself have seen a gold certificate of the kind mentioned in the discussion. These certificates are of the exact size of the bills which my colleagues have in their pockets if they are lucky enough to have bills in their pockets. They are like silver certificates, Treasury notes, or Federal Reserve notes. These certificates are printed on the same paper exactly as the bills which Senators have. They are of the same size, and if Senators were to see one of them and not make a close examination, they would think they were the old gold certificates which were in circulation prior to the devaluation of gold. On one side they are printed exactly the same as the gold certificates were printed, and on the other side in yellow. In addition to being of the same size, on the same kind of paper, and printed in the same color ink, the certificate contains the following wording:

This is to certify that there is on deposit in the Treasury of the United States of America—

Then the number of dollars. The smallest amount is \$100, the next is \$1,000, the third is \$10,000, and the fourth is \$100,000. One of those figures appears on each of these certificates that have been printed—

This is to certify that there is on deposit in the Treasury of the United States of America— dollars in gold payable to bearer on demand as authorized by law.

To the left of the picture on the gold certificates we find the word "gold" in large type above, and about an inch below that the word "certificate." Between the two words "gold" and "certificate" we find this language:

This certificate is legal tender in the amount thereof in payment of all debts and dues, public and private.

It is my interpretation that this certificate is in every sense a gold certificate as we now remember seeing them in earlier days, save in one particular. This certificate contains the words "as authorized by law." Of course, the rules and regulations provide the authorization. These certificates are to be placed only with the Federal Reserve banks. No one else is authorized to receive a gold certificate. If in the possession of anyone else they would be considered to be counterfeit, although the Federal Reserve banks have these certificates to the extent of a few billion dollars.

Mr. ADAMS. Mr. President, I do not wish to get into an extended discussion of gold.

Mr. BONE. Mr. President, I should like to ask the Senator from Oklahoma a question, if I may.

Mr. ADAMS. I yield to the Senator from Washington.

Mr. BONE. What, in the Senator's judgment, is implied, so far as ownership is concerned, by the existence of certificates of that kind in the hands of private banks? In the judgment of the Senator, does it imply ownership—equitable ownership at least—in those banks?

Mr. THOMAS of Oklahoma. At a later hour, if not today, then tomorrow, I shall hope to have the floor in my own right. At such time I shall try to answer such questions as may be propounded. I may state in answer to the question just propounded by the Senator from Washington that these certificates come as nearly retaining ownership and title in the Federal Reserve banks as it is humanly and ingeniously possible for a certificate to be drawn. If we have a change of administration and the so-called conservatives get into control, in my judgment, the gold would be turned back to the holders of these certificates.

Mr. ADAMS. Mr. President, just one additional word in relation to the gold situation. It is unlawful under the present state of the law for any individual or any private corporation to have in its possession any gold. In other words, the Federal Reserve banks, even though they could get the gold, could not pay it out unless the law should be amended.

Mr. BANKHEAD. Mr. President, before we leave that point I should like to make a statement. During the consideration of the bill before the Committee on Banking and Currency I discovered for the first time that there was a controversy about the ownership of gold, and I tried to clear the matter up the best I could. I addressed a letter to the chairman of the committee [Mr. GLASS] and asked him to call on the Secretary of the Treasury and the Governor of the Federal Reserve System for a statement on that subject. I have letters from each of them addressed to the Senator from Virginia, and without taking the time of the Senate now, but merely as a part of the present debate in order to keep the subject as clear as we can, I ask to have those letters incorporated in the RECORD at this point.

Mr. ADAMS. I am very glad to have that done.

The PRESIDING OFFICER (Mr. TRUMAN in the chair). Without objection, it is so ordered.

The letters are as follows:

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
Washington, April 24, 1939.

HON. CARTER GLASS,
United States Senate, Washington, D. C.

DEAR SENATOR GLASS: In reply to the questions raised in Senator BANKHEAD's letter of March 21, which you enclosed with your letter

of March 30, the Board wishes to state that title to gold held in the Treasury is vested in the United States. The great bulk of this gold has been indirectly added to the money supply of the country through the issuance of gold certificates against it. In the following paragraphs there is a brief discussion of several phases of this question:

1. Of the \$15,500,000,000 of gold which the Treasury holds \$12,700,000,000 is pledged as security against an equal amount of outstanding gold certificates—including credits payable in such certificates. Under existing law this gold cannot be used for any other purpose so long as the certificates are outstanding. In addition, \$156,000,000 is held by the Treasury, pursuant to law, as a reserve against United States notes.

2. All but a small amount of the gold certificates now outstanding have been issued by the Treasury to obtain gold or credits from the Federal Reserve banks. The Federal Reserve banks acquired \$3,600,000,000 of new gold certificates in exchange for their gold reserves which they transferred to the Treasury in January 1934. The remaining gold certificates which they hold have been issued largely for gold purchased by the Treasury since that time. The gold is paid for by drafts on the Treasury's account with the Federal Reserve banks. Having acquired the gold, the Treasury then replenishes its account at these banks by issuing gold certificates to them. The results of the operation are that (1) the Treasury has acquired the gold, (2) the Federal Reserve banks have acquired gold certificates, (3) the Treasury's balances at the Reserve banks have been maintained, (4) an equivalent amount of reserve funds has been paid out and added to member bank reserves, and (5) deposits held by the public and available for payments either by check or in currency have increased. In brief, the effect of the gold inflow on the banking and credit situation has been the same as would have been that of an inflow of gold under the automatic gold standard.

3. Since January 31, 1934, more than \$8,000,000,000 of gold has been purchased in this manner and member-bank reserves have increased from about \$2,000,000,000 to \$9,600,000,000. This increase in member-bank reserves presents a serious potential problem from the point of view of control of an inflationary situation if one should develop.

4. About \$2,500,000,000 of gold in the Treasury has not yet been put to active use and is therefore at the free disposition of the Treasury. The stabilization fund holds \$1,800,000,000 of this gold, representing a portion of the profit realized when the gold content of the dollar was reduced and the price of gold was raised from \$20.67 an ounce to \$35. The remainder of the unused gold, about \$700,000,000, is in the general fund of the Treasury. To the extent that the Treasury puts this \$2,500,000,000 to use in the form of gold certificates, additional funds will be disbursed and member-bank reserves will be further increased.

5. Since the existing supply of currency and deposits in the hands of the public is considerably greater than in 1929, and is not being actively used, since the commercial banks have an unprecedented volume of excess reserves readily available for a further expansion of currency and deposits, and since the Federal Reserve System stands ready to supply additional funds whenever such action will serve the public welfare, the Board believes that additional issues of Treasury currency to the public, whether related to the gold stock now held or not, can serve no useful monetary purpose at this time and would make the problem of excessive bank reserves in the future more difficult to handle.

Sincerely yours,

M. S. ECCLES, *Chairman.*

APRIL 24, 1939.

DEAR MR. CHAIRMAN: Reference is made to your letter of March 30, 1939, enclosing a copy of a letter from Senator BANKHEAD, with respect to the ownership of the gold held by the Treasury.

The Treasury holds at the present time about \$15,000,000,000 in gold. Title to all of this gold is vested in the United States.

A large part of the gold held by the Treasury (\$12,336,858,533 on March 15, 1939) is held as security for gold certificates (or credits payable in gold certificates) issued to and held by the Federal Reserve banks pursuant to the Gold Reserve Act of 1934.

Section 6 of the Gold Reserve Act provides in part:

"Except to the extent permitted in regulations which may be issued hereunder by the Secretary of the Treasury with the approval of the President, no currency of the United States shall be redeemed in gold: *Provided, however,* That gold certificates owned by the Federal Reserve banks shall be redeemed at such times and in such amounts as, in the judgment of the Secretary of the Treasury, are necessary to maintain the equal purchasing power of every kind of currency of the United States * * *."

Section 28 of the provisional regulations issued under the Gold Reserve Act of 1934 provides in part:

"The Federal Reserve banks may from time to time acquire from the United States by redemption of gold certificates in accordance with section 6 of the act, such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of currency of the United States * * *."

In other words, the gold certificates held by the Federal Reserve banks may be redeemed in such amounts of gold bullion as, in the judgment of the Secretary of the Treasury, are necessary to settle international balances or to maintain the equal purchasing power of every kind of United States currency.

The remainder of the gold held by the Treasury is accounted for as follows:

Gold reserve—held pursuant to law as a reserve against United States notes and Treasury notes of 1890	\$156,039,430
Allocated to the stabilization fund	1,800,000,000
Gold in general fund (against which gold certificates or credits have not as yet been issued):	
(a) Balance of increment resulting from reduction in the weight of the gold dollar	142,288,196
(b) In working balance	547,899,564

The Treasury Department disposes of gold in the following ways:

(a) For use in industry, profession, or art. Any person needing gold for any such purpose can purchase gold from the United States mints and assay offices.

(b) For the purpose of meeting the international balance of payments. To this end the Treasury sells gold to the members of the Tripartite Accord and to their stabilization funds and fiscal agencies. The Treasury also may sell gold to foreign central banks upon application and under special conditions.

Neither Americans nor foreigners can obtain gold from the Treasury for the purposes of hoarding.

Very truly yours,

(Signed) JOHN W. HANES,
Acting Secretary of the Treasury.

HON. CARTER GLASS,

Chairman, Subcommittee on Monetary Policy, Banking, and Deposit Insurance of the Committee on Banking and Currency, United States Senate

Mr. ADAMS. Mr. President, the United States made a profit of \$2,800,000,000 on the gold which it held and that which it impounded from the Federal Reserve banks and from its citizens. It did that by changing the gold content of the dollar. It reduced the gold content of the dollar from 25.8 grains to 15.21 grains of gold. That profit resulted to the United States.

There was another phase to this devaluation. By this devaluation which then took place there was, in my judgment, a reduction of 41 percent in the intrinsic value of every dollar of money in the United States and of every item of credit in the United States. In the banks there were \$40,000,000,000 of deposits belonging to 50,000,000 American citizens. The devaluation at that time reduced the intrinsic value of those deposits 41 percent. I am using the word "intrinsic" for this reason. Dollars in the United States are theoretically redeemable in gold. We are on the gold standard. That is the measurement of the value of our dollars. The dollar which the depositor had in the bank before devaluation entitled him to 25 grains of gold. The day after devaluation it entitled him to 15 grains of gold.

There was a reduction in purchasing power of the consumers of America. Every bond in the United States became payable in a dollar of lesser value. Every insurance policy, the premiums upon which were paid in full-value dollars, became payable in devalued dollars. There are 64,000,000 insurance policies in the United States. Every book account, every credit, every note became worth less as a matter of intrinsic worth by 41 percent.

With the President I agree that recovery must be based upon increased consumer purchasing power. You cannot increase consumer purchasing power by reducing the purchasing power of his money, of his credits, of his bonds, of his insurance policies. And now it is proposed that we authorize a further devaluation of 15 percent. The term "devaluation" is a very accurate term.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. What would be the price of wheat today had the dollar not been devalued in 1934?

Mr. ADAMS. I will say to the Senator that I have lost my glass globe. I cannot look into the magic ball and see.

Mr. THOMAS of Oklahoma. What would be the price of cotton today had the dollar not been devalued in gold in 1934?

Mr. ADAMS. I will say in answer to the Senator's question that if I had a thousand yards of cloth, my stock in trade, and Congress were to pass a law that hereafter the yard should be 24 inches instead of 36 inches long, I would

then have 1,500 yards of cloth instead of my original 1,000 yards of cloth, but I would have no more cloth. It would not be exchangeable for anything in addition.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. I have figures here which have been worked out by a mathematician, and, if the Senator will permit, I should like to place a few of those figures in the RECORD. Wheat and cotton are known to be world commodities. Those two commodities are measured each day of the year in terms of gold throughout the world, and the price does not vary on the world exchange market save for the cost of transportation, insurance, and things of that character.

In 1934, before the gold dollar was devalued, the price of cotton was 8.21 cents a pound. Had we not devalued the gold dollar, that same pound of cotton would be selling today for 4.84 cents.

In 1934 wheat was selling for 73½ cents a bushel. The record shows that had we not devalued the gold dollar a bushel of wheat today would be selling for 43.6 cents.

Later I shall go through the whole list and show how the devaluation of the gold dollar raised the price of all world commodities correspondingly and comparably with the percent of devaluation.

Mr. ADAMS. Mr. President, I have before me a volume of Agricultural Statistics, a Federal publication, covering the index numbers of farm values, figuring the price of July 1914 as 100.

In 1932 the average of the grains was 44. In 1933—that was before devaluation—they increased to 62. In 1934 they increased to 93. The same proportion of increase occurred after devaluation as before. As one goes through the tables one will find that there were increases, yes, but the increases in my judgment may not be ascribed entirely to devaluation. I grant that it had some influence; but there were other things of great significance affecting prices. If we go back to the time before devaluation, we find that the unit price of grains in 1925 was 157. In 1926 it was 131; in 1927, 128; and in 1928, 130. In other words, the devaluation did not bring these prices back to their level under the stabilized dollar.

Important as the amount of gold in a dollar may be, I am not willing to concede that that factor, in and of itself, accounts for the change in price. As I was seeking to illustrate, if we merely change the yardstick in measuring our cloth, we do not determine the price of cotton or grain merely in terms of dollars when we say it will bring more dollars, if the dollars received for the commodity are in the aggregate worth as little as or less than the larger dollars which would previously have been received. The prices of the grains, cotton, and other agricultural products did not increase, even in dollar price, in proportion to the 41-percent devaluation.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield further?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. Let me ask the Senator a categorical question. If the Congress should proceed to exercise its power and place more gold in the dollar, and place the new dollar in circulation, would not that have the effect of decreasing the price of world commodities such as cotton and wheat?

Mr. ADAMS. In terms of the then dollar; not necessarily in terms of exchange into other forms of wealth.

Mr. THOMAS of Oklahoma. I am talking about world commodities like cotton and wheat. They are known to be world commodities.

Mr. ADAMS. Yes.

Mr. THOMAS of Oklahoma. I now make the converse inquiry. If we should decrease the amount of gold in the dollar, making the dollar smaller in terms of gold, and then place that new dollar in circulation, would not that have the effect of increasing the prices of wheat and cotton in dollars?

Mr. ADAMS. I will say frankly to the Senator that so far as actual dollars are concerned, in terms of quantity of gold, I think the change would be practically nothing. If we change our standard of measurement, and one day it is a 15-grain gold dollar, and another day a 25-grain gold dollar, which is the standard, we shall have price fluctuations, but we shall not have value fluctuations, measured in the international markets in terms of exchange into other commodities.

Mr. SCHWELLENBACH. Mr. President, will the Senator yield?

Mr. ADAMS. Gladly.

Mr. SCHWELLENBACH. Does not the Senator realize that in his answer prior to the last question he has negated the argument he previously made as to the result of the devaluation? A few minutes ago the Senator said that on the day after the devaluation the intrinsic value was decreased by 41 percent.

Mr. ADAMS. In terms of money, credits, and things of that type.

Mr. SCHWELLENBACH. For practical purposes, does not the value have to be translated into terms of domestic commodities indices?

Mr. ADAMS. Not at all.

Mr. SCHWELLENBACH. Why not?

Mr. ADAMS. Because what we are dealing with is a measuring standard. As I have tried to illustrate with my thousand yards of cloth, if Congress should say that the yard should be 24 inches, then we should have 1,500 yards of cloth where we had only a thousand before; but the cloth would be of the same value as it was before.

Mr. SCHWELLENBACH. In order to make the analogy of value, would not we have to barter the cloth for something else? If we could obtain the same amount of shoes for that amount of cloth, would there be any practical result from the change in the measuring instrument so far as the cloth is concerned?

Mr. ADAMS. When translated into terms of shoes, no; in terms of dollars, yes. We could reach the same result if we had a certain price and changed our dollar. If we reduced the gold content of our dollar to 50 percent, of course, we would double the number of dollars it would take to buy that particular roll of cloth.

Mr. SCHWELLENBACH. When we come to the next step we find that even though the number of dollars is different we obtain the same number of shoes we would have obtained before the change in the measure of the cloth. There would be no practical effect.

Mr. ADAMS. That is correct.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. TYDINGS. Taking the Senator's illustration of translating a thousand yards of cloth into 1,500 yards of cloth, the same illustration would apply to translating a thousand pairs of shoes into 1,500 pairs of shoes, would it not?

Mr. ADAMS. Certainly.

Mr. TYDINGS. So if one man had the cloth and another had the shoes, after devaluation the money in buying or selling would be only an incident to the transaction, a medium of exchange.

Mr. ADAMS. Yes. Let me translate it into terms.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I shall be glad to yield in a moment.

I am now assuming that we have 1,000 yards of cloth. Let us assume that its price is a dollar per yard, or \$1,000. Then we devalue the dollar 41 percent. To buy the thousand yards of cloth would require \$1,695. Conversely, if we take the thousand yards before devaluation, it could be bought for \$1,000. After devaluation it would cost \$1,695. The converse of the situation is applicable.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. Let me complete my statement. After devaluation 1,000 devalued dollars would buy only 590 yards of the cloth.

I now yield to the Senator from Oklahoma.

Mr. LEE. Following the same illustration, as between the man who sells shoes and the man who sells the finished cloth, the illustration would work. However, when we come to the farmer who produces the raw product he would have to produce a third more cowhides to make enough dollars to pay his debts or pay his taxes, and he would have to produce a third more cotton to make enough dollars to pay the interest on his debts, insurance premiums, and all other fixed charges.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHWELLENBACH in the chair). Does the Senator from Colorado yield to the Senator from Maryland?

Mr. ADAMS. I yield.

Mr. TYDINGS. Of course, if the farmer sold his wheat and was paid in devalued dollars, he would have a third more dollars in devalued money than he would have in sound money; but when he came to buy shoes he would require a third more dollars to pay for the shoes in devalued money than in sound money. So in the end, when the transaction was completed, it would require just as much wheat to buy a pair of shoes as it did before the devaluation.

Mr. ADAMS. Let me try to answer the Senator from Oklahoma by following along the line that the distinguished, able, learned, and resourceful Senator from New York [Mr. WAGNER]—and I mean every word of it—pursued.

Mr. WAGNER. If the Senator's estimate were only half true it would be very flattering.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. ADAMS. Certainly.

Mr. NORRIS. I wish to follow up the Senator's calculations on dollars with respect to the cost of the hides. The Senator from Maryland says that if a man wanted to buy shoes, he could not buy any more shoes after devaluation than before. Suppose a farmer who had \$1,500 instead of \$1,000 wanted to pay his debts, which were payable in dollars: Could he not pay more debts?

Mr. ADAMS. The devaluation would unquestionably provide a cheaper medium for the payment of debts. The man who worked day by day in the mill or factory would save, say, \$1,000, representing labor, sweat, and thrift, and put it in a savings bank. After devaluation he could be paid back with the equivalent of \$590. In other words, the bank could pay him back much more cheaply.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LEE. Would not the same reasoning apply to the payment of the farmer's taxes?

Mr. ADAMS. Yes.

Mr. LEE. Would it not require much more of his commodity to pay his taxes under the high dollar than under the cheaper dollar?

Mr. ADAMS. We cannot translate the dollar in that way. I am going on, if the Senator will excuse me.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for one further question?

Mr. ADAMS. If the Senator will pardon me, I merely wish to make an explanation which will give my view of the situation.

The argument presented by the Senator from New York [Mr. WAGNER] is that devaluation is beneficial to export trade; that it is a weapon to meet devaluation in other countries. I will say to the Senator from New York that if the other countries have an advantage over us when they devalue their currency, it is because then they pay less for their materials and less for their labor. The sum total of the argument of the Senator from New York is that we should do the same thing. The only way we can meet them is by devaluing the dollar, thereby paying less in wages and less to the farmer and those who produce the raw materials. Then by paying less for wages and for material, we can sell more cheaply in the European markets. We can sell more cheaply only if we can produce more cheaply, and the only way we can produce more cheaply is to cut wages and the prices we pay to the producers of the raw materials.

That is what happens right down the line. Why? It is based on the psychological theory that the workman, the farmer, has been getting so many dollars a week; that is his standard; when the dollar is devalued his wages are not raised in proportion but he continues to get the same wage in dollars. The result is he is producing for a lesser wage. That is the only way in which devaluation can put us on a par with foreign countries which undertake devaluation, and which, because of devaluation, are able to produce more cheaply.

The Senator is probably correct that there is advantage temporarily. If an increase merely in the tonnage of exports is an advantage, but the worth of an export is not to be determined by the value of that which we send out, but by the value of that which comes in in exchange for it. That is the test. We do not simply want to send out our cotton and our wheat, regardless of what comes in. The important thing is what we get for the cotton and the wheat which we export. We could get an enormous export trade if we would cut our prices. All we would have to do would be to cut our prices sufficiently low and we could readily dispose of our cotton and our wheat. Our problem is to see how much we can get for them and not how little we can get for them. Devaluation tends to get us less and not more. Devaluation may result in sending our products abroad, but it puts the burden on the back of the worker, the producer, of lowered returns for our exported products, and reduces our standard of living.

Mr. BARKLEY. Mr. President, will the Senator yield there?

Mr. ADAMS. Certainly.

Mr. BARKLEY. Taking the illustration the Senator has just given of a foreign country devaluing its currency and ours remaining static, may it not result not only in impeding the exportation of American products and forcing us to retain them at home, but also in lowering the bars still further to the importation of the foreign product made through cheaper labor and cheaper material? So we would have the disadvantage of maintaining all our production without any ability to export, and we might also be flooded with cheaper products from foreign countries. So that we would have all that we could produce here without an export market for it, and all that they could ship in under a cheaper currency to compete with what we have here at home. Would not that be the result, and would that condition not have resulted if we had not taken the action we did take in regard to the devaluation of our currency?

Mr. ADAMS. The Senator has been a leading actor in legislative matters here for many years. He knows that the President of the United States is empowered today to change the tariff to meet differences in cost of production at home and abroad. If the cost abroad is reduced by the devaluation of foreign currencies, the President now has the authority to raise the tariff wall to protect us against the lower-priced foreign product.

Mr. BARKLEY. Only to a limited extent—50 percent. The President can, of course, on the recommendation of the Tariff Commission, increase the tariff 50 percent.

Mr. ADAMS. The Senator says the President has authority to increase the tariff 50 percent. Certainly the only devaluation possible under the pending bill is 15 percent.

Mr. BARKLEY. I understand that; there is no controversy over that question; but that is 9 percent, represented by the difference between 50 and 59 percent, more than the dollar has been devalued. The President did not cut to the full extent in devaluing the dollar, and there is 9 percent of the original value which is left, which is 15 percent of the Senator's 59-cent dollar, as he contends. The point is that, if a foreign country can cheapen its currency and get an advantage over us in the foreign market, the same sort of advantage will accrue in our domestic market, so that we will have all that we can produce and that otherwise we might ship out in addition to what foreign countries might ship in; and I doubt very seriously whether any President would exercise the right to raise the tariff rate sufficiently to counteract that influence.

Mr. ADAMS. The Senator will recognize and concede, will he not, that the price of any product is made up principally of the elements of labor cost and the cost of raw material?

Mr. BARKLEY. Oh, yes; that is so.

Mr. ADAMS. So that if there is to be any impairment of prices in any way it can come as a result of lower labor costs or of lower cost to those who produce the raw material?

Mr. BARKLEY. If that be true, and if it be admitted, for the sake of the argument, that we would have to adjust our cost of production to correspond with the cheapening of production in other countries, might we not be driven to the point where we would either have to consider doing that or consider the possibility of having the value of our labor lowered even more by an enormous importation of products from other countries that otherwise could be kept out by a stabilized currency between the two?

Mr. ADAMS. If the Senator is not willing to have the tariff bars put up—I happen to be a high-tariff Democrat, and I am in favor of putting up the tariff—if foreign countries devalue their currencies and produce that condition, I would favor raising the tariff high enough to prevent the depreciation of our labor and our farmer and our producer.

Mr. BARKLEY. We have now the highest tariff, on the average, that we have ever had in this country, and, of course, world conditions have made it impossible to deal with the tariff question in detail as we have heretofore done, for it required 18 months to get through Congress the last tariff law that was enacted. If we were to undertake a comprehensive revision of the tariff law again, under world conditions as they now are, it might take even longer; and when we had finished we might not have done anything because of the more or less kaleidoscopic changes that occur in economic conditions in the world. I do not know from what the Senator has said whether he would be in favor of a general raising of tariff walls above what they now are or whether, on specific articles that might justify, in his judgment, an increase in tariff, he would follow such a course.

Mr. ADAMS. I would rather raise the tariffs, if necessary, piecemeal against certain nations than, in order to meet devaluation by one nation, destroy the value of our bank deposits, our insurance policies, our credits, and bonds, and things of that kind.

Mr. BARKLEY. Of course, I do not agree that devaluation would do that.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. TYDINGS. Is it not a fact that whenever one country has provided a high tariff every other country in the world has later on enacted a high tariff; and is it not a fact that whenever one country has depreciated its currency eventually every other country has depreciated its currency? If that is a fact, what would be the advantage of depreciating our currency? Does anyone think it would be more than a year before England, France, and other countries would devalue their money so as to remain on the same parity they are today? Would we not then all be in the same fix we are now? We would not accomplish anything for anybody.

Mr. ADAMS. The United States of America is the only nation which, in a sound condition and not threatened with a financial catastrophe, has ever devalued its currency.

Mr. O'MAHONEY. Mr. President—

Mr. TYDINGS. Mr. President, is it not a fact that the first nation in the world that depreciated and devalued its money was France; and that it was immediately followed by Belgium and Switzerland and England and other countries? I do not refer to Germany or the countries that were defeated in the World War; I refer to the victor nations. Eventually we devalued our money, and then what happened? They devalued their money again and that was the reason for the international stabilization fund. We were the first nation to raise our tariff. Then the other countries of the world raised their tariffs. So if anybody assumes that there is going to be an advantage in world trade if we devalue our dollar, they reckon upon the mistaken idea that

there are not smart men in other countries who no sooner than we devalue our money will devalue theirs in order to occupy the same relative position which they occupy today.

Mr. ADAMS. I will say to the Senator from Maryland that the first devaluation did not take place at the time he suggests. If he will read English history, French history, and Italian history, the Senator will find that there a devaluation took place in the twelfth century, in the thirteenth century, and in the fourteenth century, and on down. In England it was a very common practice for the King to call in the currency and proceed to conduct a physical devaluation, either by remelting it, or recoinage it, or by the crude process of clipping. We have not done that in this country. A great, rich, wealthy Nation, we have borrowed money; many of our corporations in this period have signed and issued bonds, and then you and I and men in the other branch of Congress and at the other end of the Avenue proceeded to provide that those debts could be paid at 59 cents on the dollar. We, a solvent, rich, powerful Nation, were the first great Nation in the world that ever even partially repudiated its debts.

Mr. TYDINGS. Mr. President, will the Senator yield for just one more question?

Mr. ADAMS. I must first yield to the Senator from Wyoming.

Mr. TYDINGS. I wish to ask the Senator merely one more question.

Mr. ADAMS. No; the Senator from Wyoming is my neighbor.

Mr. O'MAHONEY. Mr. President, I was hoping that the Senator from Colorado, in response to the Senator from Kentucky, might point out that every effort is being made by way of reciprocal trade agreements to cut down the tariff wall. Then I was going to ask the Senator whether, in his opinion, there is any uniformity or congruity between a program which cuts down the tariff walls to all the nations of the world under the most-favored-nation clause and at the same time proposes a devaluation of the dollar?

Mr. ADAMS. The Senator knows that he and I are in entire accord on that question.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. ADAMS. I want to make a statement, and then I will yield. We have in this bill two provisions. One takes \$2,000,000,000 of money which we acquired by devaluing the gold dollar and makes of that sum a stabilization fund. For what purpose? To stabilize the American dollar throughout the world. We do not want it changed. The second provision of the bill gives the President the power to unstabilize the dollar.

We have these two powers. Perhaps what we want to do is to find out which is the more potent—the power to unstabilize or the power to stabilize. To me the two things are utterly inconsistent and incompatible, and one or the other should go out of the bill and out of our country's policy. For my own individual choice I have been unwilling to take out the stabilization fund, which is honestly administered for purposes of world economy and stabilization, and substitute for it a policy which I do not think is honest.

Mr. TYDINGS. Mr. President, the Senator now has commented on the very matter I wanted to suggest to him, namely, how silly it is to have a \$2,000,000,000 stabilization fund to stabilize world currencies, and in the same bill provide that we may unstabilize ours, which will bring on another currency war in no time at all.

Mr. BARKLEY. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. BARKLEY. It is not my interpretation or understanding that the \$2,000,000,000 stabilization fund was primarily designed to stabilize the American dollar any more than to stabilize other currencies that come in competition in world trade with the American dollar. Of course, the Senator may take the term he pleases. In the case of a seesaw with a man on each end, when one end goes down the other end goes up. It is impossible to operate one end without affecting the other.

But the stabilization fund has been used infinitely more to stabilize other currencies that come in competition with ours in world trade than to stabilize the American dollar.

Mr. ADAMS. May I get the Senator straight on that point? The provision of the act is that the fund is created for the purpose of stabilizing the exchange value of the dollar.

Mr. BARKLEY. Yes.

Mr. ADAMS. That is the only purpose for which the stabilization fund was created.

Mr. BARKLEY. But the way in which that has been done very largely has been by using the stabilization fund to buy other currencies, so that they would not depreciate to such an extent as to throw the American dollar out of a proper status with respect to other currencies.

Mr. ADAMS. Will the Senator tell me how the unstabilization of the mark in Germany, or some other foreign currency, is going to unstabilize the American dollar if it is based on a definite amount of gold, which is recognized as the unit of value throughout the world?

Mr. BARKLEY. I suppose the Senator is referring to the practical elimination of the value of the mark soon after the World War.

Mr. ADAMS. Then take the case of some other country.

Mr. BARKLEY. I happened to be in Berlin 1 week—

Mr. ADAMS. There was no connection between the two, I am sure. [Laughter.]

Mr. BARKLEY. Not at all; but it took a wheelbarrow to transport to the hotel enough marks to exchange for \$100 of American money. If we had been engaged at that time in any large transaction in world commerce with Germany the depreciation of the German mark would have been very effective in its relationship to the American dollar.

These two things, instead of being antagonistic and conflicting, as I construe them, are absolutely in harmony. The stabilization fund is for the purpose of bringing about a stabilization of currency because of more or less abnormal fluctuations of values with respect to various currencies, not by any governmental action, but by reason of world conditions or fear or suspicion, or things of that sort, when, by reason of economic conditions in a foreign country, the franc or the pound or some other currency might go down to a point where it would undermine the foundation and the stability of American commerce. The devaluation provision, which may or may not be used—the Senator is assuming that it will be used, and therefore is basing his argument upon that assumption.

Mr. ADAMS. I would not take a lot of trouble to get something when I did not want to use it.

Mr. BARKLEY. But the use of devaluation is a weapon only in the event that some other government does a thing within its own power that would materially and disastrously affect the value of the American dollar. The two powers are not conflicting; they are not antagonistic; but they are in harmony, one to be used in ordinary fluctuations in the value of currency if they go beyond bounds without any action of the Government; the other to be used in the event another government takes action by the devaluation of its own money to such an extent as to affect our currency.

Mr. ADAMS. The Senator has absorbed the philosophy of the distinguished Senator from New York [Mr. WAGNER].

Mr. BARKLEY. Mr. President—

Mr. ADAMS. I will take back that suggestion if the Senator resents it. [Laughter.]

Mr. BARKLEY. No; I do not resent it. I am proud to associate myself with the Senator from New York in this association of ideas. I agree with the contention of the Senator from New York upon the subject. I happen to disagree with my very dear friend from Colorado upon the subject, as I did in 1934.

Mr. ADAMS. I think perhaps I was wrong in 1934.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. ADAMS. I yield to the Senator from New York; that is, I assume the Senator is going to follow the same course.

Mr. WAGNER. The same course in what respect?

Mr. ADAMS. Any respect. Go ahead. I will not put any limitation on the Senator.

Mr. WAGNER. I do not want to annoy the Senator from Colorado.

Mr. ADAMS. The Senator could never annoy me. I have known him for many years, and never in a single instance has he done other than compliment me by paying attention to what I have said.

Mr. WAGNER. The Senator said a moment ago that this power is sought because we contemplate exercising it. Of course, the President now has the power, but he has not exercised it; but the Senator asked, "Why should we want the power if we do not intend to exercise it?" Why do we want a Navy? Not because we want to go to war, but we want to have the Navy as a defense in case of attack by other countries.

Mr. ADAMS. Let me ask the Senator a question: Why should we want a volcano? In other words, I regard the devaluation power as an evil. I think it can only be disastrous to our country; and, therefore, the Senator and I differ as to the matter. The Senator thinks it is like a pistol under one's pillow to protect him against burglars.

Mr. WAGNER. I understand that we cannot agree upon our philosophy regarding this matter, so I do not want to pursue that line any further.

Mr. ADAMS. Of course, my mind is always open to the Senator from New York, and I trust his mind is equally open.

Mr. WAGNER. I have studied this question thoroughly; I have studied the facts; and I think it was to the great advantage of the country that we devalued at the time we did.

The Senator talked about the stabilization fund being sufficient to take care of any possible depreciation of the currencies of other countries. I desire to ask the Senator a question in that connection.

Assume that England and France together—I am not giving a case that has not reality to it—should decide suddenly to devalue, say, the pound sterling down to the point where it once was, \$3.25 from \$4.86, and assume that the franc fell with it: Does the Senator think there is enough money in the stabilization fund, without meeting and neutralizing the effect of that action by devaluation, to buy enough pounds and francs to keep up the pound and the franc so as not to increase too high the value of our dollar in the international market?

Mr. ADAMS. I will say to the Senator that it is not any of our business to keep up the franc or to keep up the pound. There is no reason under the shining sun why we should take the money of the American taxpayer and go to Europe and endeavor to protect the countries of Europe against their local economic conditions or their domestic or international troubles. I do not care how high the American dollar goes in the economy of the world. What I want is to see the American dollar stabilized as the one single outstanding standard of all commerce in the world.

Mr. WAGNER. Then I understand the Senator to say that no matter how the other countries might attempt, as they did before 1933, to depreciate their currencies so as to obtain advantages in foreign markets, that is none of our affair, and our dollar should stay right up where it is, and we should not concern ourselves with the matter at all. If that is the Senator's philosophy, we are as far apart as the North and South Poles.

Mr. ADAMS. We are quite a distance apart.

Mr. WAGNER. I should not want our businessmen to be subject to that sort of a situation.

Mr. LEE and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Colorado yield; and if so, to whom?

Mr. ADAMS. Just one moment, please. For more than a hundred years Great Britain maintained the pound sterling as the unit of value and exchange throughout the world. The United States gradually has gone forward until we have

displaced England as the leading commercial nation. We went through the panic of 1893, we went through the depression of 1907, we went through the depression of 1921-23, and we did not devalue the dollar, and we came out of those depressions more rapidly, and got upon sound ground sooner than we are getting out of this one. It is my sincere judgment that one of the things that has impeded our progress has been the impairment of producer purchasing power of the citizens of the United States by devaluing the dollar with which they buy commodities.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. ADAMS. Certainly.

Mr. LEE. The Senator said a while ago, or at least I understood him to say, that the relation of the dollar to the raw products produced in this country is not so interesting to him as its relation to the finished products.

Mr. ADAMS. Oh, no; I did not say that.

Mr. LEE. I understood the Senator to say that he was not interested in the relative value of other moneys of the world to our money.

Mr. ADAMS. No; the Senator again misunderstood me.

Mr. LEE. I hope the Senator will clear up the matter, because I understood the Senator to say "I do not care where the pound goes."

Mr. ADAMS. No; I did not say that. I hope the Senator will get me somewhere near correctly.

Mr. LEE. I want the Senator, then, to straighten out the matter, because I understood the Senator to say, "I want to stabilize the dollar"—stabilize the dollar with relation to what? The Senator would have to have in mind the comparative value of other moneys of the world or the comparative value of the raw products of the country.

Mr. ADAMS. Not at all. I want to see a dollar which represents so many grains of gold, one that is a fixed standard recognized in every land on the globe. I am concerned about the figure to which the pound and the franc go, but I said that it was not the duty of the United States to take the money of its citizens and go abroad and seek to rescue foreign lands from their economic troubles.

Mr. LEE. Does the relation of the dollar to gold—

Mr. ADAMS. What does the Senator mean by "dollar"?

Mr. LEE. Does that help the farmer as much as the relation of the value of a dollar to the purchase of wheat, or cotton, or hogs, or corn? Would that not be more helpful than the relation of the number of grains of gold to a dollar?

Mr. ADAMS. Let me ask the Senator this question, Would it make any great difference to the Senator, in the purchase of a bushel of wheat, if he had \$1 containing, say, 30 grains of gold, which would buy a certain quantity, or twice the number of dollars containing 15 grains, in other words, the same number of grains of gold? There is no difference between selling wheat for two half dollars or one silver dollar.

Mr. LEE. I agree to that, but it makes a great deal of difference, when the farmer goes to sell, if it takes 5 bushels of wheat to get \$1, or he can get a dollar for 1 bushel, when he goes to pay his taxes, or to pay his debts, or to pay the interest on his debt.

Mr. ADAMS. I am in accord with the Senator; I do not think the farmer should have a dollar of one value today, and tomorrow find that the dollar has been changed, so that the dollar he dealt with on Monday is a different dollar from the one which confronts him on Tuesday.

Mr. LEE. Then the Senator will agree with me that the dollar should be stabilized at a hundred-cent level, instead of figuring on the grains of gold, that it should be stabilized at a 100-cent level in terms of the commodities with which we deal in this country.

Mr. ADAMS. I should like to see that condition prevail.

Mr. LEE. There is only one index for that, and that is the index furnished by the Labor Statistics Bureau, which gives us the all-commodity index, including 784 most used commodities in this country. If the dollar were stabilized on that basis today, would not the dollar come down some thirty-odd cents?

Mr. ADAMS. I have been intrigued with that dream from time to time. With all due respect to the Senator from Oklahoma, in fact, to both Senators from Oklahoma, who know so much more than I do about these matters, I have never been able to see how that could be brought about. I have simply had to tie myself, in my simple way, to a dollar which represented so many grains of gold, and leave that as the standard. We must either let commodities shift in relation to the dollar as there are conditions of plenty or conditions of scarcity, or the dollar will shift. It is not possible to maintain both commodity prices and the content of the dollar without any relative change. One is seeking an impossibility when he attempts to do that.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BONE. If the Senator achieved the stabilized dollar of the character he has described, would it not be necessary to make that dollar redeemable in gold?

Mr. ADAMS. I am talking about a gold dollar.

Mr. BONE. Would it not be necessary to revamp our entire fiscal policy, and make the stabilized dollar payable on demand in gold?

Mr. ADAMS. I am in favor of having the currency of the United States redeemable and payable in gold today.

Mr. BANKHEAD. Mr. President, I should like to ask the Senator a question.

Mr. ADAMS. Or silver, I should say.

Mr. BANKHEAD. Is it not true that the United States is the only Nation in all the world which has its dollar tied to gold by weight?

Mr. ADAMS. My knowledge is not sufficiently broad to enable me to answer that. That statement was made in our hearings.

Mr. BANKHEAD. Does the Senator know of any other nation in the world which maintains its currency in gold by weight, as the United States does?

Mr. ADAMS. I do not, and that is one reason why I want this one country to continue to be the lodestar of world finance, so that there will be one standard to which every nation can repair when they want to know what values are.

Mr. THOMAS of Oklahoma. Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Oklahoma?

Mr. ADAMS. Always with apprehension.

Mr. BANKHEAD. The nations have been waiting 4 or 5 years, and have not resorted to our method, have they?

Mr. ADAMS. All the nations have gotten into their devalued position because of distress. They have had troubles which we do not have, and I do not know why we should imitate those who are in financial disaster and distress. Just because someone else has a carbuncle on the back of his neck is no reason why we should go and get one.

Mr. BANKHEAD. Has the Senator heard anyone indicating that there was a desire that we imitate other nations?

Mr. ADAMS. Yes; I have.

Mr. BANKHEAD. The Senator has not heard it in the committee, for I was present, and I heard no such suggestion. He has not heard anyone on the floor of the Senate say so. The whole argument, the Senator knows, is that we merely wish to preserve our right to protect our country against devaluation.

Mr. ADAMS. No; the argument is that when any country is in financial distress and devalues its currency, we must follow suit and devalue ours, or that country will have an advantage over us; in other words, the greater the economic distress of the country, the faster we should hurry into the same situation, because that economic distress will be to our disadvantage. I cannot conceive of the desirability of producing home-made distress when it is not necessary, and when it means incalculable complexities and trouble.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield for a question?

Mr. ADAMS. I yield.

Mr. THOMAS of Oklahoma. A short time ago the senior Senator from Maryland [Mr. TYDINGS] interjected the words "sound money" into the discussion.

Mr. ADAMS. The Senator is not going to get me into that. [Laughter.]

Mr. THOMAS of Oklahoma. Then I will ask the Senator from Colorado if he will not define "sound money."

Mr. ADAMS. In 1896 I stood on a street corner and saw a sound-money parade which nearly broke my heart.

Mr. TYDINGS. Mr. President, I shall be glad to define the term to the Senator.

Mr. THOMAS of Oklahoma. Since the Senator from Colorado declines to answer my question, may I propound another?

Mr. ADAMS. Certainly; probably it was because I could not answer.

Mr. THOMAS of Oklahoma. Does the Senator from Colorado favor Congress passing legislation fixing a definite content for the dollar in terms of gold?

Mr. ADAMS. Yes, and throwing the key away so that it cannot be changed.

Mr. THOMAS of Oklahoma. Can the Senator not agree, then, that the value or buying power of gold itself changes from time to time?

Mr. ADAMS. That is a question, of course. It just depends on what we take as our standard. If we take cotton as the standard, everything else changes with that. If we take gold as the standard, I will say, no; it does not change.

Mr. THOMAS of Oklahoma. The Senator comes from a great gold-producing State and a great silver-producing State; he comes from the West, where gold and silver are produced in large quantities. Does not history show that when we produce gold in quantity faster than the demand exists for it, gold as a commodity becomes cheaper, causing prices to rise? Referring specifically to the record in California, in 1849 and 1850, when the great gold production occurred, gold came into circulation, much of the gold was coined, the gold that was not coined was weighed, and as a result of the production of gold in California in 1849, 1850, and the years immediately after, is it not a fact that because the gold came into circulation, making gold more plentiful, it became cheaper in terms of property, and therefore a given quantity of gold depreciated in value as measured by a given quantity of commodities such as corn, wheat, cotton, and so forth? Is not that the record of the production of gold? If so, it is shown that gold itself changes in value in terms of commodity values, as any other property does, depending on the law of supply and demand.

Mr. ADAMS. Of course, because we never have been able to fix gold as a definite standard. All things are relative one to another, and there are shifts in the price of gold as in commodity prices.

Mr. BARKLEY. Mr. President, will the Senator from Colorado yield?

Mr. ADAMS. I yield.

Mr. BARKLEY. The Senator stated a while ago that he wishes the Government would fix the gold content of the dollar, and then throw the key away so that it could never be changed again.

Mr. ADAMS. Perhaps that is going a little far.

Mr. BARKLEY. The Senator's argument seems to me to be in harmony with the loss of the key in that particular "key" situation. Does the Senator mean to say that he believes that under the Constitution Congress ought once to have fixed the gold content of the dollar, and then, regardless of any changes in the production or the price of gold, regardless of any changes in economic conditions in our country or in the world, the content of the dollar should have remained indefinitely and forever at the point fixed by Congress, so that it could never change at all?

Mr. ADAMS. Well, in a certain sense. I think when we establish the yard or the meter or something which we are using as a standard of measure we ought to stand by it. I am thinking of gold in terms of the measure of value. I do

not think we ought to unstabilize this standard of measurement.

Mr. BARKLEY. Mr. President, I do not think there is any analogy between the illustration with reference to the 36-inch yard and the 24-inch yard and the number of grains of gold in the dollar, because I imagine that if all the other nations in the world should pass a law making 24 inches a yard instead of 36 inches, and ours was the only nation which still maintained the 36-inch yard, we might even have to do something about that, so that when we sold a yard of goods to any foreign country we would not have to put in parentheses "36 inches" so they would know what kind of a yard they were getting. I do not think it is quite a fair analogy to say that when you fix 24 inches as a yard you should put in parentheses "36 inches." If all the other nations recognized 24 inches to the yard, it would not be long before our merchants and manufacturers would raise the question whether we ought to stick to the 36-inch yard so long as we are doing business with the rest of the world.

If we were a hermetically sealed-in nation, so that it did not make any difference what happened anywhere else, and the repercussions on our commerce and our values were of no consequence, I can agree that we could do as we pleased about that; but, in my judgment, we cannot with respect to money.

When the Constitution authorized the Congress to fix the content of gold or silver and the value thereof in the matter of coining money, it did not contemplate that Congress would have to make the content of that value static so it could never change under any conditions, but that it must authorize from time to time, under the exercise of a continuing power, a change in the content of the dollar, either of gold or silver, to adjust it to conditions as they might exist from century to century.

Mr. ADAMS. I do not have to go that far. I simply say to the Senator that I do not think we ought to make changes to our own disadvantage.

Mr. BARKLEY. I do not either.

Mr. ADAMS. Let me go back to my roll of cloth. If the Senator were a merchant down in Paducah and he put in an order for a thousand yards of carpet from the wholesaler or the manufacturer, how would he like to have the Congress the day after he signs his contract provide that 24 inches should constitute a yard?

Mr. BARKLEY. If I were selling goods to a foreigner and he was selling goods of a different type to me, and I exchange a yard of satin or wool for a yard of silk, I would want to know whether in exchange for a 36-inch yard I was getting back a 24-inch yard.

Mr. ADAMS. We have gone this far, the Senator will note, where people have made contracts under which one man borrowed money and said, "I agree to pay back this money in gold of so many dollars at the present standard of weight and fineness." They have even gone so far as to put multiple currency provisions in the contract and to say that the borrower had the option to demand guilders in place of dollars, and Congress, having said it had that authority, provided that you do not have to pay what you agreed to pay, that Congress can release you of 41 percent of your obligation. They have said that the United States can get away with it; that we cannot just do it lawfully, but nobody has yet found a way to show that they were damaged by it, so the United States Government has borrowed money and paid back 59 cents on the dollar of what it borrowed.

Mr. BARKLEY. Unless that were true, there would never come any time in a thousand years when Congress could change the gold content of the dollar, because there will never be a day on which all contracts end simultaneously so there would not be an overlapping of contracts that would be affected by any change. If the Senator's theory were correct and carried out, Congress could never change the content of the dollar, because sometime, somewhere down the line, some contract would be affected by it, which would freeze the content of the dollar at what it has always been,

so it could never be changed at all, and the power to regulate money and fix the value thereof would be completely destroyed.

Mr. BONE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. BONE. I take it that the Senator is well aware of the fact that over his lifetime, or over the lifetime of everyone in this Chamber, we have witnessed a violent fluctuation of prices under a gold standard, and there was no stability then in prices. They were high one year and very low the next year.

Mr. ADAMS. How did the Senator measure the prices? The Senator says there was a variation in prices. How did he measure the prices?

Mr. BONE. It makes no difference.

Mr. ADAMS. How did he know there was a difference? He measured the prices in terms of the fixed standard of the gold dollar.

Mr. BONE. If I am going broke, I am going to lose everything I have in this world. It makes no difference whether I lose it under a gold standard or under a system such as is now proposed to be imposed. The point is that I have lost it. I think there is no virtue in assuming—I say this with all due regard for the opinions of the Senator from Colorado, which I value very highly—that there is stability under a gold standard. In my lifetime I have seen prices fluctuate so violently under the gold standard as to make a man a success one day and break him the next and put him in the bankruptcy court. There never has been stability and there never will be in all probability, either under the system we have now or the system which we call the gold standard.

Go back to the panics of 1873, and 1893, and 1907, or 1921, and you will find these ghastly and violent fluctuations of prices that broke nearly everyone in the country, and yet you had your fixed standard of money. We operated under a gold standard. However, it afforded no stability. It was a frail reed to lean on. There is no value in anchoring a dollar with a certain number of grains of gold.

Mr. ADAMS. Mr. President, the Senator is thinking of two different things at the same time. That is, when he speaks of fluctuations in prices, which we have seen, the fluctuation was in the terms of the standard. If you are going to fluctuate your standard at the same time that you fluctuate your prices, you simply aggravate the situation; you get into a condition of commercial vacillation, where there is no safety, or no stability in any commercial intercourse, because all commercial intercourse practically is conducted in terms of dollars. That is as something is bought or something is sold it is in terms of dollars.

My complaint is that we are rendering unstable both ends of the transaction. The Senator from Kentucky [Mr. BARKLEY] wanted to know if we wanted the standard to be permanent so it could not be changed. We changed it in 1934, and now it is desired to change it again. That is what the bill says.

Mr. WAGNER. The power has been in effect.

Mr. ADAMS. Yes; but the power has been in Congress. Congress in its lumbering way at least discusses things. I very carefully avoided any reference as to whether the power was in the Congress or the President. I have not been discussing the question as to the propriety of lodging the power. My discussion has been based on the impropriety of devaluation, whether by Congress or by the President. I think devaluation is unwise. I think it is disastrous.

Mr. BONE. If anchoring the dollar to gold gives the stability which the Senator seeks, I think in common with all others who are patriotic and thoughtful citizens, how then are we going to find an explanation for the panics of 1873, of 1893, of 1907, and of 1921, if there is safety and security in the formula which the Senator from Colorado now suggests?

Mr. ADAMS. I have suggested no formula. I have not said there is any stability. I am merely in favor of reducing the extent of the instability.

Mr. BONE. We had stability then.

Mr. ADAMS. No; we did not.

Mr. BONE. We had stability if we had a fixed gold content in the dollar, and we had all the stability which the law could give to our dollar, measured in the amount of gold in the American dollar, and yet it did not afford a bulwark of defense against depression. I am not saying that there were no other causes at all, but I am saying that there is little merit in the thought that merely changing the gold content in the dollar affords security or causes insecurity. I think it does not have nearly so much to do with prosperity or lack of prosperity in the country as other economic factors.

Mr. LEE. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LEE. I am sure that if the Senator from Colorado borrowed a sack of flour, and when the Senator went to pay it back he had to pay back 5 sacks of flour he would feel very much abused. Under the gold standard which the Senator seems to think stabilizes money I had the personal experience of borrowing money when I was producing wheat that brought a dollar and twenty-five cents a bushel. When I went to pay that back wheat was selling for 25 cents per bushel; therefore, I had to pay back 5 bushels of wheat for every bushel of wheat that I had borrowed. That was under the system which the Senator thinks is going to stabilize the dollar.

Mr. ADAMS. No; I have not said it would.

Mr. LEE. I borrowed 1 bushel of wheat and had to pay back 5.

Mr. ADAMS. I have not said any such thing. I have merely been trying to stabilize one end of the transaction. I realize you cannot stabilize it all. I am not going to yield any more until I have completed the few things I wish to say.

The majority opinion in the report that came in contains this statement. The exchange rate of the English pound fell in 1932 to \$3.30. And then this is a quotation from it:

An article * * * which prior to 1931 would have required \$4.86 for its purchase could in 1932 be purchased in either country for \$3.30.

"Of course, the English product at \$3.30 would sell more easily than at \$4.86. But if the cost of production declined from \$4.86 to \$3.30, English workmen and producers of raw material were suffering a decrease in wages and prices of \$1.56. English labor and producers consequently were standing a reduction in purchasing power equal to the reduction in price of the article. Surely not a profitable transaction for England."

Here is a quotation from the report:

An English importer who prior to 1931 had been able to purchase \$4.86 of American goods per pound sterling could in 1932 purchase goods worth only \$3.30 for his pound.

What is the result of that?—

Consequently devaluation reduced the purchasing value of the pound, thus by devaluation English workmen and producers received only \$3.30 for that which they had formerly received \$4.86, and when buying abroad could only get \$3.30 worth of merchandise when they formerly received \$4.86. Naturally the reduced purchasing power lessened imports. As a practical matter, therefore, for a time England produced and exported goods at so great a reduction as to constitute a loss, and if she imported she did so at an increased cost equivalent to a loss compared with previous importations.

In the report was another illustration based upon a cotton situation. The report states:

An American producer who received 1,000 pounds sterling for a given shipment of cotton could previously convert his pounds sterling into \$4,860. When the pound depreciated in terms of the dollar and the exchange rate fell to \$3.30 the same American cotton producer could exchange his 1,000 pounds sterling for only \$3,300. But as was pointed out in the example above, the English purchaser could no longer get \$4.86 for American goods for his pound but only \$3.30 worth, so he could only purchase 330/486 as much cotton for his 1,000 pounds.

In other words, a shipment of cotton which could have been bought for a thousand pounds before devaluation would have cost the Englishman 1,472 pounds after English devaluation. The depreciation of the pound therefore reduced the consumer purchasing power of the English Nation, as has always been the result, and always will be the result of every devaluation in any country.

Do we want to engage in a contest to see which nation in the world can reduce its wages the most and sell its products the cheapest? In order that the United States may increase the dollar value of our gold 15 percent, or about two and one-fourth billion dollars, do we wish to devalue by 15 percent the deposits of 50,000,000 people, the insurance policies of 64,000,000 citizens, the wages of 40,000,000 workers, and every bit of currency, every bond, and every credit item in the United States? Our people do not adjust themselves readily or rapidly to the true values, but the European markets respond instantly. They therefore buy American exchange at the devalued figure and pay debts and purchase American property below its value in the United States.

I wish briefly to call attention to some provisions in the minority views filed on behalf of half of the Banking and Currency Committee—a rather paradoxical minority. I ask, Mr. President, that for the purpose of the RECORD the minority views be incorporated as part of my remarks. I understand the majority report will be incorporated as a part of the remarks of the Senator from New York [Mr. WAGNER], so that the two reports will be in their proper places.

The PRESIDING OFFICER (Mr. BILBO in the chair). Is there objection to the request? The Chair hears none, and it is so ordered.

The minority report is as follows:

MINORITY REPORT BY MR. ADAMS ON H. R. 3325—DEVALUATION OF DOLLAR AND STABILIZATION FUND

One-half of the members of the Banking and Currency Committee, to whom was referred H. R. 3325, a bill to extend the time within which the powers relating to the stabilization fund and alteration of the weight of the dollar may be exercised, voted to eliminate from the bill the provisions extending the power of the President to devalue the dollar.

It seems therefore proper, in view of the evenly divided opinion of the Banking and Currency Committee, that there be presented to the Senate a statement in support of the elimination of this power.

The following statement is therefore submitted in support of the conclusion reached by half of the membership of the committee that the power of devaluation of the dollar by the President should not be continued. This statement, however, is not intended as a complete statement of the reasons which led different members of the committee to this conclusion, nor as necessarily accurately expressing the individual views of all members who concur in the conclusion.

I

Devaluation of its currency by a nation is an evidence of weakness and not of strength. It has been resorted to many times by nations when confronted by financial disaster.

II

The purpose and effect of the devaluation clause is inconsistent with the purpose and effect of the stabilization fund. The stabilization fund was created "for the purpose of stabilizing the exchange value of the dollar." Its purpose is to maintain the United States dollar at a fixed value in the markets of the world. The purpose and effect of the devaluation clause is to unstabilize the dollar and to make it an uncertain and changeable standard of value. The pending bill, therefore, is inconsistent within itself; either the stabilization fund should be abandoned or the devaluation policy allowed to lapse.

III

It is argued that the Executive should have power to devalue the dollar in order to meet disadvantages to our commerce from devaluation of currencies by foreign governments. In the past few years at least 50 governments have devalued their currency to some degree. If it is the purpose of our Government to meet each devaluation, even by a major country, with an equivalent devaluation our currency would vacillate so greatly as to no longer be accepted as a standard of value in the markets of the world.

The United States dollar should be stabilized and made the one outstanding, unchangeable standard of commercial value in the world. The result would be that all international exchanges would be made in terms of the American dollar. In the long run this is the just, the sound, and the profitable national policy.

In the early twenties devaluation took place in Russia, Germany, France, and other nations, but the United States maintained the standard of its dollar and did not even consider a policy of devaluation. There may be no connection between this fiscal policy and the fact that the United States recovered more rapidly at this time from the depression than any nation in the world, but at least it demonstrates the fact that devaluation was not essential to recovery or maintenance or expansion of our export trade.

IV

The so-called advantage which a foreign country enjoys in its export trade from devaluation of its currency is due to the fact that

as a result of devaluation it can produce its exports at a lower cost. This simply means that, as a consequence of devaluation, wages and raw-material costs are reduced and therefore it can sell its products at a lower price in the world market.

If devaluation by the United States will enable it to meet the advantage given foreign competition by devaluation, it is only because devaluation in the United States will operate as it has in the foreign country by reducing the cost of raw materials and reducing wages so that the United States can reduce the price of its products so as to compete with the reduced costs of the foreign product.

The reduction in wages and material costs is due to the fact that the workman and producers for a time continue to receive the same number of dollars for a given amount of work or material as before devaluation, regardless of the fact that the intrinsic value of the dollar has been reduced in value by the proportion of the devaluation.

Any trade stimulation from devaluation is temporary and ultimately costly. Devaluation is primarily at the expense of the wage earner, salaried employees, and those with fixed incomes.

A study of export statistics of the United States shows that no increase in price of our export commodities was received commensurate with our devaluation of the dollar. The unit price of the major exported commodities from the United States did not increase on the average in an amount equal to the devaluation of our dollar. The consequence has been that the foreign purchasers have actually been able to purchase American commodities for less on the average subsequent to devaluation than before. The foreign-exchange value of the dollar immediately responded to the devaluation so that the foreign purchaser could purchase American dollars after devaluation at 59 percent of their previous cost.

Similarly, after devaluation, foreign debtors, private or public, were in a position to pay debts due to American creditors for 59 percent of what it would have cost them before devaluation.

V

The burden of devaluation falls heavily upon all those who work for wages or salaries or any form of fixed compensation. The workman is a creditor. His work is performed before he is paid. If he is employed in a period of declining value of the dollar, his payment at the end of his pay period is less than it would have been at the beginning of the period. No one is more interested and more concerned in the maintenance of a sound and stable currency than the workman.

Under a policy of devaluation the deposits which have been made in banks in full-valued dollars are repaid in depreciated dollars. The banks do not suffer but their depositors do. Insurance companies which have received premiums in full-valued dollars will pay their losses in depreciated dollars. Similarly, investments of the insurance companies from which their income is derived are made in full-valued dollars and their income is received in depreciated dollars. Educational institutions and hospitals, whose funds for maintenance and operation are derived from income from endowments and invested funds, find themselves greatly injured by receiving their income in devalued dollars.

VI

A policy of devaluation is not only unsound but it is inevitably disastrous to the country indulging in it. A country in distress may, by devaluing its currency, meet obligations which it has incurred at a reduced cost by what is really a process of partial repudiation.

The policy of devaluation is disapproved by a vast majority of financiers and economists. Fifty-five members of the Economists' National Committee on Monetary Policy, including the economists of many of the leading universities of the United States, say upon this subject:

"There are no adequate reasons for further extension of the President's power to change the gold content of the dollar. Since the devaluation of the dollar in January 1934 was close to the minimum specified in the Gold Reserve Act, any further alteration in the weight of the dollar would necessarily be in a downward direction. Further devaluation would be opposed to the best interests of the country and should not be permitted. Continuance of the President's authority to devalue the dollar still further implies that there are sound reasons for a better or stronger currency pursuing a weaker one in its downward course, whereas no such sound reasons exist.

"In reply to the frequently heard argument that depreciating foreign currencies might suggest the desirability of continuing the power of the President to lower the gold content of the dollar, we wish to call attention to the fact that during the period from 1919 to 1923, when the pound was unstable, when the French and Belgian francs and the Italian lira were falling rapidly in value, and when the German mark was plunging toward a trillionth of its former value, the dollar remained firmly anchored to gold at an unchanged weight. This firmness of the dollar was both a source of great strength to this country and a stabilizing factor in the world economy. If any adequate reason for devaluing the dollar should arise in the near future, a situation which is difficult to envision considering our huge supply of gold, it should be done by act of Congress, as provided by the Constitution, and not by an administrative order of the President."

VII

It is generally believed that what is most needed in America is increased purchasing power among the people.

Previous devaluation decreased the intrinsic purchasing value of the bank deposits of the 50,000,000 people who had on deposit in banks over \$40,000,000,000 by 41 percent, or over \$16,000,000,000.

It decreased by 41 percent intrinsic value of wages and salaries. It decreased the intrinsic value of the assets of the insurance companies of America by 41 percent.

It decreased the intrinsic value of all bonds, notes, book accounts, and credits by 41 percent.

It decreased by 41 percent the intrinsic value of all dividends paid by corporations and all payments made by insurance companies to beneficiaries.

The United States made a profit on its gold stock of \$2,800,000,000, but at a cost of from 10 to 20 times that amount to the American people.

Devaluation as operated in the United States was in effect deflationary and in the judgment of many has been one of the major factors impeding recovery.

We are now asked to authorize a further devaluation of 15 percent. This power should not be granted.

It is conceded by those who advocate the measure that there is no present need or desire to exercise the power. The passage of an act extending this emergency power will inevitably have some tendency to indicate a purpose to use it and thereby leave or bring an undesirable element of uncertainty in our economic affairs.

ALVA B. ADAMS.

Mr. ADAMS. Finally, my own theories have largely been stated in answer to two questions. I think it is a grave mistake for us to consider devaluing the dollar. It is a bit of weakness. It is an evidence of lack of confidence in our own system. I think that devaluation inevitably means disaster. It is a course which, when once entered upon, cannot be stopped.

I think one thing should be made clear, and that is that some of those who believe in an increased supply of money are misled. Remember, the process suggested has not resulted in an increase in the supply of money. Those who think increasing the supply of money will increase prices may be correct. We have a definite amount of money in circulation. We did not increase the amount of money in circulation by our policy. In fact, we reduced it, because we took the gold back into the Treasury. It ceased to circulate. Every \$10 bill in circulation became a bill for \$5.90. Every dollar that was in circulation became a 59-cent dollar. We actually reduced the intrinsic purchasing qualities of the money by the devaluation. So the effect is not inflationary but deflationary. We have paid the penalty for what was in real effect a deflationary devaluation. The only profit that came out of it was to the United States Treasury upon its gold. It lost money upon every dollar of taxes paid in. Mind you, \$6,000,000,000 in taxes are being paid in every year, and we are already losing 41 percent in intrinsic value in that connection.

We devalued several billion dollars in bank deposits of the Federal Government, along with other people's gold. In order that we might obtain a bookkeeping profit of \$2,800,000,000, we destroyed real values in the United States of not less than \$40,000,000,000. Bank deposits, insurance policies, bonds, every credit instrument, and every bit of circulating medium were devalued by 41 percent.

It is now proposed to authorize a further devaluation of 15 percent. Such devaluation would give the Treasury another \$2,000,000,000; but what would it do to the bank depositor? What would it do to the wage earner? The wage earner of the United States is a creditor. He goes to work on Monday, and he is not paid for 2 weeks, sometimes for a month. If there is a falling price for money during the period of his employment, he is paid in a devalued dollar. When he buys his insurance he pays, perhaps, in a full-valued dollar; and after his death or disability his family will be paid in a devalued dollar.

There are some who profit. The banks do not lose. They can pay their depositors in the devalued dollar. The insurance companies can pay in the devalued dollar. But there is no compensation for the depositor who receives the devalued dollar, or for the widow or orphan who receives the devalued dollar from an insurance policy. School teachers and those who put their savings into bonds are being paid in devalued dollars, with less purchasing power, and we are lessening the capacity of our people to buy, either at home or

abroad. We are disregarding what the President said was the milk in the coconut of commerce—consumer purchasing power. Devaluation is nothing more nor less than lessening the consumer purchasing power of the American people.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. ADAMS. I yield.

Mr. LUNDEEN. I have listened to the very able statement of the Senator that we should not support and sustain foreign currencies. I think the American people will be glad to have his statement. I am wondering if the Senator has placed in the RECORD any statistics or information as to how much we have done along that line, and by what means we have proceeded. I remember reading about the New York Federal Reserve Bank supporting the British pound in the world market. I did not pursue the question to see whether or not that statement was correct, but I have often wanted to see some information in that connection, and I wondered whether or not the Senator's speech contained anything along that line.

Mr. ADAMS. No. Before the Banking and Currency Committee there were some statements made by Secretary Morgenthau to the effect that not to exceed \$200,000,000 of the stabilization fund had been used, and that they had bought and sold some foreign currencies. However, we have no detailed information.

Mr. LUNDEEN. The Senator is not familiar with any other means of supporting the foreign currencies?

Mr. ADAMS. The statement was made that foreign currencies were being bought. If there was an attack on the foreign currency in the market, the Treasury stepped in and supported the market.

Mr. LUNDEEN. I thank the Senator from Colorado.

CONGRESSIONAL RETIREMENT SYSTEM

Mr. BANKHEAD. Mr. President, I desire to interrupt the discussion on gold devaluation for a short time for the purpose of submitting some remarks on a congressional retirement system.

For some time a group of Senators, together with some Members of the other House, have been thinking about the need for a retirement system for Members of Congress. Congress has made provision for the retirement, on income, of Federal employees in the civil service who become disabled or grow old while in the service. It has provided retirement benefits for the officers and men of the Army, the Navy, the Coast Guard. It has likewise taken care of the members of the Federal judiciary. Finally, it is now about to provide substantial benefits for many millions of the citizens of this country, just as legislation has been in effect making provision for benefits, aggregating already more than \$150,000,000 to retired railroad men. The aggregate cost to the Federal Government for taking care of its own employees in the executive and judicial branches runs into many tens of millions of dollars annually. It is altogether natural that in considering the problems of so many millions of the citizens of this country Members of the Congress should stop for a minute or two to inquire whether or not it may be wholly justifiable to think about some of their own problems.

There have been times in this country when the Members of Congress were thought of as being a peculiarly fortunate group who drew a sizable salary without rendering therefor any very large amount of labor. I think that idea has pretty much disappeared. The very great amount of work which we are called upon to perform is now generally recognized. Indeed, I think that most people wonder how Congressman can find time to answer the flood of mail from their constituents, sit at numerous committee hearings considering a large volume of important legislation, and become familiar with the great volume of other legislation arising in other committees and of equal importance to that considered by their own, in order to be able to pass judgment on it.

It is my opinion also that there is now a widespread recognition of the fact that the Members of the House and of the Senate have to bear many financial burdens which are far greater than those of ordinary citizens. We have elec-

tion expenses. Most of us have the expense of maintaining more than one place of residence. Many of our constituents feel free to call upon us for services which require expenditures of one sort or another on our own part. We do not need to remind ourselves that most of us come here in the prime of life. Because of the extraordinary demands on our time, we must cut loose from the associations and means of making an income which we possessed before coming here. If we leave Congress, even after a relatively brief service, those associations and connections are gone and we must build anew.

We hear a great deal of the plight of the man who is over 45. Most of those who talk about the difficulties of those who are 45 in getting a job are thinking about the men who work in factories or in shops or in industry or business generally. All of us know, from the experience of our friends who have served with us here and have left, that the employment handicap applies not only to industry and business, but also to the professions. We know, too, that if we cease to be members of Congress, the fact that we have served here will not help us very much whether as lawyers, businessmen, or whatever we may be in private life.

Most of us cannot possibly hope during our service in Congress to do very much toward securing from our own salaries any funds which would give us even a minimum income when we become old. One of the great benefits which often flow from the retirement system is that of giving ease of mind and freedom from worry to those who benefit by it. Most of us, necessarily, have to give some thought every now and then to our own future, and I think the great majority of us have cause, from time to time, to worry about it. I would be the last to reflect in any way upon the time or work we are called upon to devote to public service, but I cannot help feeling that we might sometimes be better off if we knew that, despite any action which we might take here, there is some reasonable assurance that our own families would not suffer. I believe that if we were protected by an adequate retirement system, we would view many matters from a more detached point of view than is now possible for us to achieve; and all of us and the country would benefit thereby.

Before we can go very far in thinking about a retirement system, we have to get down to details, and there are many details. At what age should retirement benefits be available? Should they be available to everybody, or should only those who have served a period of years be eligible? Should the Members of Congress themselves pay for part of the cost? If Members of Congress pay for part of the cost, what should happen when the Members withdraw from Congress before reaching retirement age? Should their contributions be refunded, or should they retain rights to receive some pro rata annuity when they attain retirement age? What is a fair amount of annuity? Should we pay the same amount of retirement annuity to everybody? If not, should it vary according to age of retirement, or according to the number of years of service?

The answers to all these questions would depend, to a considerable degree, on what a retirement system having a given set of particular provisions would cost. We all know that if a system were started tomorrow, providing for retirement benefits rather less than our salaries, very few of us would retire until the end of our current terms; that is, the year 1941 for Members of the House and one-third of the Senate, and still later for the other two-thirds of the Senate. But we know, too, that over a period of years, more and more Members would be on the retired list, and the payments would increase for a period of years. What we want to look at when we think about cost, therefore, is not so much how much would be spent under the system a year from now or even 5 years from now, but rather what would be the average level, taking into account interest at a reasonable rate over a period of years.

In getting at what various kinds of systems would cost, we asked Murray Latimer, chairman of the Railroad Retirement Board, to help us out. Mr. Latimer was good enough to agree to do this, and he has had several of his staff work-

ing with him for some months now collecting data which would be useful in making estimates of costs. Estimates of costs are made by looking at past experience, making whatever adjustments in that past experience are definitely known to be affected by factors which themselves have changed from the past; and making the general assumption that with these adjustments past history will repeat itself in the future. We know, to start with, that past history does not repeat itself exactly. But we ought to make the best possible use of experience, realizing that, from time to time, adjustments will have to be made, taking into account changed conditions which, in common with all other human beings, we cannot foresee with exact precision.

In securing the data on which to make cost estimates a record has been made of every person who has been in Congress at and since the beginning of the Fifty-seventh Congress, which took office March 4, 1901. For each of the 2,871 Members of the House and Senate since that time a record has been made of the date of birth, the length of service in both Houses, and the date of death if the Member is not now living. In this connection the records kept by Mr. Ansel Wold, particularly the Biographical Directory of the Congress, covering the years 1774 to 1927, were invaluable.

One of the factors to be taken into account in calculating cost is the possibility that some Members of Congress who are not now in service may return later on, and probably under any reasonable plan they would be given credit for their service up to now. In calculating cost a study was made of intermittent service on the part of some Congressman, and an attempt has been made to allow for the possibility that some former Member of Congress not now in the service may later return and become eligible for retirement incomes. It is appropriate to say at this point that in all the plans for which cost calculations have been made it has been assumed that the present Members of Congress would receive credit for their past service. For example, a Member now 65 with 25 years of service when the plan begins to operate could retire immediately on whatever benefits the plan provided for a Member aged 65 with 25 years all served after the beginning date. But none of the plans contemplates providing any benefits for Members of Congress not in service when the system starts and who never return later.

A study of these records of the Members of the Congress shows up and down fluctuations with respect to some of the important factors which have a bearing on cost. One of the most important factors is that of the age at which Members of Congress are elected initially. If all of us were elected at 25 and served continuously until 65, the cost would be much less than if, on the average, we were elected first at the age of 50. The records show that the typical Member of the House who was serving his first term in 1901 was just over 45 years old. The figure fell to 43 $\frac{1}{10}$ in 1903, and except in 1911, when the average for new Members was 48 $\frac{1}{10}$, kept within the range of from 44 to 46 until 1917; thereafter it rose to over 49 in 1929 and 1931, but has since fallen to just over 45. The results would be slightly different if it were assumed that the ages of new Members would be 45 rather than 50. As a matter of fact, in the actual calculations it was assumed that new Members would enter at various ages, averaging 46 $\frac{1}{10}$.

Similarly in the Senate, the average age upon entering membership ranged from as low as 44 $\frac{7}{10}$ (in 1907) to as high as 59 $\frac{1}{10}$ (in 1931). Again, in the actual calculations it has been assumed that new Senators would be elected at various ages, averaging 53 $\frac{1}{10}$ years. Insofar as experience in the future deviates from these assumptions, costs will vary from those that have been estimated, unless the variation in the age factor is offset by changes in other figures in a direction having an opposite effect on cost.

The mortality experience of Members of Congress has also been studied, because mortality both while in service and out of service is a most important factor in the calculation of costs. Mortality on so small a group as the membership of the House and Senate is likely to vary rather widely from time to time. From 1901 to and including the Members elected to the present Congress last November, 2,871 persons

have been Members of Congress in both House and Senate. This number is too small, even though taken over a period of years, for the law of averages to apply, particularly when this number is divided down, as it must be, into the different ages.

Moreover, mortality in the population in general has changed very greatly since the turn of the century. This is probably just as true of the Members of Congress as it is of any other group of the population. In order to get any mortality figures which could justifiably be used so far as the future is concerned, it appeared that it would be undesirable to take mortality experience further back than 1920. So far as mortality among Members in active service is concerned, it appears that the 1937 Standard Annuity Mortality Table is a reasonably good basis. In the period from 1920 to 1938, at the age of from 40 to 49, 5 percent fewer Members of Congress died than would have been the case if the Standard Annuity Table had been exactly followed. At ages 50 to 59, 2 percent fewer died. At ages 60 and over, however, from 6 to 10 percent more Congressmen died than would have been expected under the Standard Annuity Table. This means, as a matter of fact, that Members of Congress who remain in service have a somewhat lower mortality than does the population generally. The Standard Annuity Mortality Table of 1937 is compiled from among a rather select group, whose mortality is somewhat lower than for all men in the population. Congressional experience is, of course, primarily a male experience. So few women have served in Congress that their experience has practically no weight in the total.

Apparently, however, Members of Congress die somewhat more rapidly than do men in the total population of the country, once they have left Congress. This is probably due in part to the fact that Members wear themselves out in the service, do not return, or are unable to return; and it was to be expected that the mortality among such former Members would be rather high on the average. There may be other factors here also. Of course, the average rate of mortality among Congressmen is much higher than the average rate for all men in the population, because the average age of Congressmen is higher by a good many years than the average age for all men in the United States.

If the retirement benefit is to be paid only to the Members who complete a certain number of years of service in Congress, the chance of serving that number of years is a highly important factor in the determination of costs. In calculating the chances of a Member serving a given period of years, it was thought desirable to break the period from 1901 to date into several parts to see whether or not shifts from one administration to another had had any decided effect on changing the probable periods of service. The periods selected were from 1900 to 1910; from 1911 to 1918; from 1919 to 1930, and from 1931 to 1939. Although some slight differences were discovered, the chances of a Member serving a given number of years have been remarkably constant over a period of time. There are, of course, some differences. For example, the chances of a Member who comes to Congress at the age of 30 serving 20 years or 30 years are much greater than the chances of a Member who was first elected at the age of 50 serving that number of years. This is largely because the chances of a man aged 30 living 20 or 30 years are materially greater than the chances of a man of 50 living for a like period of time. But apart from the factor of mortality, the chances of reelection each 2 years or each 6 years appear to have been rather uniform over the years. For example, for a Congressman elected at age 45, there are 78 chances out of 100 that he will serve his term and be reelected to a second term. The chances are 60 out of 100 that he will serve his second term and be reelected for a third term. The chance are 36 out of 100 that he will complete 8 years of service and be reelected for a fifth term. But the chances are only 7 out of 100 that he will complete 20 years of service and be elected for an eleventh term.

The chances of remaining in the Congress are naturally somewhat higher for Members of the Senate. If elected first at the age of 48, a Senator has about 59 out of 100 chances of completing his first term and being reelected for a second. The chances of finishing his second term and being elected for a third are only 33 out of 100. The chances of completing a third term and being reelected for a fourth are only 18 out of 100; and the probability that the Senator will complete 24 years and be reelected for a fifth term are only 9 out of 100. Thus, if a retirement benefit is to be paid only to Members who have completed 20 years of service, only about 10 percent would qualify; and if, in addition to completing 20 years of service, the Member must have attained the age of 65 while in service in order to qualify, a still smaller percentage of the Members would be eligible to receive any benefits.

In order that Members of Congress might be able to come to some conclusion as to whether they wish a retirement system, and, if so, what its provisions should be, cost figures have been worked out for a large number of plans. Basically, however, these plans fall into four main types.

There is, first of all, a group of plans which provides for benefits upon the completion of a period of years of service and attainment of a given age, figures having been worked out for 6, 8, and 10 years of service, with retirement ages of 50, 55, 60, and 65. The amounts of annuity for persons retired at a given age and after a specified length of service have been made uniform, irrespective of service above the minimum requirements. Thus, in the first group of plans the amounts of benefit are varied according to age at retirement, the amounts to those retiring at 65 or over being the largest, smaller amounts being paid to those retiring at ages from 60 to 64, still less from 55 to 59, and with a further reduction in the amounts of benefit payable upon retirement at ages 50 to 54. Three sets of amounts have been used for each age in order to indicate the effect on cost in paying more or less annuity. Further figures are given for each combination of these several factors with the Government paying all the cost, and with the Member paying $3\frac{1}{2}$ or 5 percent of their salaries as a contribution, with the Government paying the balance.

If Members contribute, it has been assumed that in the event they withdraw from Congress before becoming eligible for retirement benefits they would receive as a lump-sum refund the total amount of their contributions, together with interest compounded at the rate of 4 percent per annum. In the event of death before retirement, the survivors would receive a like amount. In the event of death after retirement, the balance, if any, of the amount of the death benefit as of retirement age, less annuities received by the deceased, would also be paid to the survivors.

A second set of plans provides for annuities varied according to the number of years of service. For example, if a Member retires after 20 years of service at a specified age, he will receive twice the amount of annuity that will be paid to a person who retires at the same age, but with only 10 years of service. In the basic set of calculations under this type of plan, it is assumed that the Member who withdraws from Congress will not receive a cash refund, but will retain the right to receive the amount of benefit credits earned by him for his service, beginning at the usual age of retirement. These Members will have the right, however, to have the annuity begin at a date earlier than the usual retirement age at an amount lower than what would be paid at the usual retirement age, to allow for the longer period in which payments would be made. For example, if a Member retired from Congress at the age of 50 and had accumulated credits amounting to \$200 per month payable beginning at age 65, he could ask for an annuity beginning at age 60 in the amount of about \$127 per month, and that amount could be paid at the age of 60 without any effect on the cost. If the Member died before reaching retirement age, or before receiving in annuities an amount equal to his death benefits,

he would be given a refund just as was described in connection with the first set of plans.

In the second set of plans, costs are again calculated on three bases: One with the Government paying for the whole cost; the second with the Members contributing 3½ percent of their salaries and the Government paying the balance; and the third with the Members paying 5 percent and the Government paying the balance.

A third set of plans dealt with the cost of a flat amount of one-half of the salary payable at only age 65 or 70, after varying periods of service, without any contributions by Members.

A fourth group shows the cost of paying annuities to retired Members after a given number of years of service, irrespective of age, the minimum service being 15 years, with high amounts payable to those who retire after 20 or more years of service.

The cost of these various plans on the different bases, and the assumptions underlying the calculations, are presented in an appendix to these remarks.

The number of officers on the retired list of the United States Army as of June 30, 1938, was 3,532. The number of warrant officers and nurses was 777. The amount of retirement pay for the fiscal year 1938 was \$11,386,200 for officers and \$1,163,800 for warrant officers and nurses.

In the Navy Department the record shows the average number of officers in the United States Navy on the retired list for the fiscal year 1938 to be 2,928, and the retirement pay was \$8,789,878.31.

Officers of the Army and Navy are paid 75 percent of the salary received at time of retirement. Age of retirement is 64 years. Contribution payments are not required.

The number of retired Federal judges on the retirement roll April 30, 1939, was 30 and the retirement pay for the fiscal year 1938 was \$307,250. The retirement age is 70. They make no contributory payments to a retirement fund. They are paid the full salary received at time of retirement.

The number of Foreign Service officers on the retired list in the State Department for the fiscal year 1938 was 92; the retirement pay for the last fiscal year was \$262,328.64. These officers contribute 5 percent of their basic salaries and may retire at the age of 64. After 15 years of service, retirement is compulsory at the age of 65, and they may be retired if totally disabled for useful and efficient service by reason of disease or injury not due to any misconduct of the officer so disabled.

Total annual annuities or retirement pay for officers of the Army and Navy, Federal judges, and Foreign Service officers of the State Department for the last fiscal year amounted to \$21,909,456.95.

I am putting the material collected by Mr. Latimer in the RECORD for the information of the Members of Congress who may be interested in the subject.

I desire to take this occasion to thank Mr. Latimer and his staff of assistants for the thorough and painstaking research performed in collecting the data necessary for the presentation of the different retirement systems which are covered by the statement that I am submitting for the RECORD. Mr. Latimer and his assistants have manifested a thorough knowledge of the subject of retirement plans and it is evident that the Government has in its Railroad Retirement Board not only a most capable director but also a competent and worthy staff of assistants.

Mr. Latimer will gladly respond to requests that Members of Congress may make of him for further general or detailed information relating to the subject of congressional retirement systems.

I ask unanimous consent to have printed in the RECORD immediately following my remarks the Appendix on Costs of a Congressional Retirement System, and also the memorandum on the costs of that system, both of which were submitted by Mr. Latimer.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

APPENDIX ON COSTS OF A CONGRESSIONAL RETIREMENT SYSTEM
POSSIBLE NUMBERS OF MEMBERS OF CONGRESS ON RETIRED LIST IF A
RETIREMENT SYSTEM WERE ESTABLISHED

The cost of a retirement system for any group of individuals depends on three factors:

1. The numbers of individuals who are placed on the retired list year by year;
2. The length of time which such individuals remain on the retirement list; and
3. The amount of retirement pay which they receive.

In practice, under usual circumstances, the number retired year by year is not the same; the length of time intervening between retirement and separation from the retired list, which ordinarily results only from death, varies from person to person; and the amount of retired pay is not uniform. Cost estimates are usually made by assuming a certain amount of uniformity based on the average experience over a period of time with regard to all three factors. Studies on which to base such averages are now under way.

As a rough indication pending completion of the more detailed studies, certain figures which are of interest are presented here. These figures indicate the number of Members of Congress who would be on the retired list in 1939 if retirement had taken place at the age at which it did in fact take place in the absence of the pension system. This assumption is open to question because of the fact that had a retirement system providing a reasonable level of retired pay been in effect in the past doubtless many Members of Congress who continued to serve would have elected rather to retire. It is doubtful, however, if any reasonable retirement system would have caused any Member of Congress to continue in service to an older age than that at which retirement would take place in the past. The figures presented here, therefore, probably represent the minimum numbers on the retired list had a plan been in effect from the years indicated on the table.

Another set of figures can be worked out showing the numbers on the retired list if it is assumed that members will retire as soon as they become eligible for the full retirement pay, with perhaps some retiring earlier if smaller amounts of pay are available at an age earlier than that which might be called the "normal" retirement age. This set of figures would indicate the probable maximum numbers on the retired list. The calculations underlying this second set of figures involve an assumption relating to the ages at which new Members are elected to Congress and their length of service. In the past many Members have, of course, remained in service for considerable periods of years after 65; had they retired, a successor would have been elected, and some of these successors would have qualified and retired by 1939 or even earlier, depending on the age at time of election. Of course, some of those elected to replace those who retired would have served for only a short period, and if a service requirement is involved as a prerequisite for receipt of retired pay, some of such successors would not have qualified for retirement pay. Basic tables showing the ages of new Members, the rates of leaving Congress at ages under those at which retirement pay is granted, and the rates of mortality are now being prepared, so that a complete study of both maximum and minimum costs of various proposals can easily be made.

It is believed that the accompanying table is self-explanatory. It shows, for example, that if a retirement system had been begun in 1901 and if retired pay would have been allowed to Members attaining age 70 who had completed 10 years of service, the number on the retired list in 1939 would have been 35. If the system had started in 1911, the number now on the roll would also be 35. If the system started only in 1931, the number would have been 25. Thus it appears that if any system is adopted the number on the retired list will increase rapidly for 20 years and thereafter rise quite slowly.

Of course, as the retirement age is lowered the number on the retired list will increase. If the same service requirement were adhered to and the retirement age were fixed at 65 rather than 70, 43 more would be on the retired list now, had a system been started in 1901, than if 70 were the retirement age, or a total of 78. Lowering the age to 60 without changing the other factors would have increased the retired list by 49 to 127.

If a system were established now, probably few Members would retire until the end of the current session. There are, however, fairly substantial numbers of Members at the present time who would be eligible for retirement if qualifications were 10 years of service and any age from 65 on down. A summary of the ages of older Members who have 10, 8, and 6 years of service or more is as follows:

Age	10 or more years of service	8 or more years of service	6 or more years of service
70 and over.....	27	31	32
65 to 69.....	31	36	39
60 to 64.....	23	31	44
55 to 59.....	25	29	40
50 to 54.....	15	20	36
Under 50.....	20	32	52
Birth date unknown.....	1	4	7
Total.....	142	183	250

Theoretical number of Members of Congress on retired list

Retire- ment age	Year system was as- sumed to have begun	10 years of service required for retire- ment		8 years of service required for retire- ment		6 years of service required for retire- ment	
		Number on retired list in 1939	Additional number resulting from lower retire- ment age	Number on retired list in 1939	Additional number resulting from lower retire- ment age	Number on retired list in 1939	Additional number resulting from lower retire- ment age
70-----	1901	35	-----	39	-----	42	-----
	1911	35	-----	39	-----	42	-----
	1919	35	-----	39	-----	42	-----
	1931	25	-----	27	-----	29	-----
65-----	1901	78	43	93	54	109	67
	1911	77	42	92	53	108	66
	1919	76	41	91	52	107	65
	1931	51	26	61	34	69	40
60-----	1901	127	49	155	62	193	84
	1911	125	48	152	60	190	82
	1919	121	45	147	56	182	75
	1931	80	29	99	38	121	52
55-----	1901	173	46	219	64	292	99
	1911	168	43	212	60	284	94
	1919	159	38	203	56	265	83
	1931	101	21	137	38	172	51
50-----	1901	212	39	271	52	372	80
	1911	205	37	258	48	356	72
	1919	193	34	246	43	327	62
	1931	117	16	158	21	198	26

The figures which are presented in this appendix assume the creation of a congressional retirement system financed on a reserve basis. Under the ordinary retirement system, whether private or public, the number of persons who retire on annuity after the beginning of operation is small relative to the total number of persons who are covered by the system. A congressional retirement system would be no exception to this rule. This is indicated by the data which have already been presented, showing that less than one-quarter of the present membership in Congress has had a service period of 10 years or more and attained the age of 50 or over. Moreover, unless the amounts of annuity were far larger than any which have previously been considered, a very considerable portion of those who are eligible for annuity would not retire immediately—probably almost none until the end of the congressional term which is now being served.

The reserve system in essence contemplates the payment into a fund, when the retirement system begins to operate, of amounts larger than will be paid out currently in annuities. The excess is invested and the interest reinvested, so that in the early years the amount in excess increases both by reason of additional payments, year by year, and by the interest on the previous accumulations, less, of course, whatever amounts are paid in annuities. After the system has been in operation for some years, the annuity payments will exceed net receipts from contributions. If the contributions have been properly calculated and if the interest earnings on the reserve equal the anticipated rate, such interest on the accumulated reserve will make up the difference between payments of annuities and contributions. For example, in plan 1, as given below, the minimum annual cost on a reserve basis is estimated at \$668,000. Even if all those who are eligible retire immediately, the payments of annuity in the first year would only be about \$350,000; thus more than \$300,000 would accumulate at interest and be added to the reserve in the first year. Since it is probable that far less than half would retire, the reserve would in all probability accumulate with even greater rapidity. In arriving at this and other cost figures presented later, it was assumed that Members would retire, when eligible, only at the end of the congressional session to which they were elected. In all the calculations which have been made it has been assumed that interest would be earned on the reserve fund at the rate of 4 percent per annum, compounded annually.

No attempt is made in this memorandum to go into detail regarding the various considerations which are involved in deciding whether a congressional retirement system should be financed on a reserve or a so-called pay-as-you-go basis. It may be said, however, that among the major factors is the question as to whether or not the system will be one under which Members of Congress will contribute toward the cost. If Members do contribute, it would probably be desirable that the rate of contribution be uniform rather than varied, either with respect to the ages of the Members or with respect to time as, for example, is done in the schedule of taxes under the Social Security and Railroad Taxing Acts. If the members of a fund are to contribute, obviously the creation of a reserve fund is proper for receipt of those contributions, since any reasonable member contribution rate is likely to be in excess of the annuity payments in the early years of operation. By financing the system on a reserve basis the charges with respect to the direct maintenance of the system are kept at a relatively low figure. Generally speaking, the costs to the employer (in this case the Government) when the system is on a reserve basis will be about half as much as the maximum annuity disbursements. In the case of a congressional system, however, the average age of the members is much higher than is usually the case with retirement systems, so that the ratio of maximum disbursements to cost on a reserve basis would probably not exceed 1.5 to 1. At some future time, probably

30 or more years from the beginning of the system's operations, the number of members on the retired list and the annual payments of annuities will probably become approximately constant. At that time in a system on a reserve basis the disbursements for annuities would just equal the net contributions by the Government and members plus the interest on reserves.

There has been much discussion in the last 2 years about the appropriateness of reserves for annuity systems where the annuity system is public rather than private. Perhaps the single major factor in this discussion has been the enormous size of the reserves which would be accumulated if the old-age insurance system created by the Social Security Act were to be placed on a reserve basis. No such problem is involved in a congressional retirement system. The maximum amount of reserves would probably not exceed \$9,000,000 to \$12,000,000, depending on the particular system chosen, amounts which could obviously have no effect on our general economic structure one way or the other.

The major assumptions involved in these cost calculations, including those stated above, are—

1. Financial provision on a reserve basis with equal annual contributions.
2. Interest to be earned on reserves at the rate of 4 percent per annum, compounded annually.
3. Participation by all Members of Congress, including the Delegates from Hawaii, Puerto Rico, and Alaska, and Philippine Commissioner—535 in all.
4. Annual salaries of Members of \$10,000 per annum.
5. Retirement by eligible employees at the end of the session after attaining age 65.

6. A rate of withdrawal under 65 based on past congressional experience; those eligible to receive benefits upon withdrawal at ages 50 to 64 are assumed to begin receiving them immediately upon withdrawal.

7. Mortality according to the 1937 standard annuity table which appears to apply to the over-all mortality experience of Members of Congress, though it is not precisely accurate at every age.

8. Under all of the plans, service in Congress prior to the beginning of the system counts equally with subsequent service; for example, a Member with 10 years' service and qualified as to age would be entitled to an annuity immediately the system begins to operate. No benefits are provided for former Members who never return to service.

DETAILED PLANS

Group I-A (10 years of service required to qualify)

Plan 1

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over-----	\$4,800
At ages 60-64-----	3,600
At ages 55-59-----	2,400
At ages 50-54-----	2,000

(c) Contribution by Members, none.

(d) Contributions by the Government, \$668,000 annually.

Plan 2

(a) Retirement on annuity after completion of 10 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over-----	\$4,800
At ages 60-64-----	3,600
At ages 55-59-----	2,400
At ages 50-54-----	2,000

(c) Contributions by Members, 3½ percent (\$350 by each Member annually), \$183,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$579,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 1 and 2 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 2 are estimated at \$767,000, \$99,000 higher than under plan 1. This amount, \$99,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

¹ If Members contribute, those of them who die before retirement or soon after retirement, or who withdraw from Congress before qualifying for an annuity, should receive (or their beneficiaries should receive) their contributions with interest. Net contributions refers to the total contributions less refund with respect to withdrawing and deceased Members.

(d) Contributions by the Government. \$734,000 annually.

Plan 25

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$7,200
At ages 60-64.....5,400

(c) Contributions by Members, none.

(d) Contributions by the Government, \$736,000 annually.

Plan 26

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$7,200
At ages 60-64.....5,400

(c) Contributions by Members, $3\frac{1}{2}$ percent (\$350 by each Member annually), \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$685,000 annually.

Plan 27

(a) Retirement on annuity after completion of 10 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$7,200
At ages 60-64.....5,400

(c) Contributions by Members, 5 percent (\$500 by each Member annually), \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$663,000 annually.

TABLE I-A.—Estimated contributions under various congressional retirement systems—reserve basis for financing—10 years of service required for eligibility for annuity

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages—				Rate of contribution by members (percent of salary)	Amount of annual contribution ¹ by—	
		50-54	55-59	60-64	65 and over		Members	Government
1						0	0	\$668,000
2		\$2,000	\$2,400	\$3,600	\$4,800	$3\frac{1}{2}$	\$188,000	579,000
3						$5\frac{1}{2}$	268,000	541,000
4						0	0	835,000
5						$3\frac{1}{2}$	188,000	746,000
6						5	268,000	708,000
7						0	0	1,002,000
8						$3\frac{1}{2}$	188,000	913,000
9						5	268,000	875,000
10						0	0	587,000
11						$3\frac{1}{2}$	188,000	517,000
12						5	268,000	487,000
13						0	0	734,000
14						$3\frac{1}{2}$	188,000	664,000
15						5	268,000	634,000
16						0	0	881,000
17						$3\frac{1}{2}$	188,000	810,000
18						5	268,000	781,000
19						0	0	491,000
20						$3\frac{1}{2}$	188,000	440,000
21						5	268,000	418,000
22						0	0	614,000
23						$3\frac{1}{2}$	188,000	592,000
24						5	268,000	540,000
25						0	0	736,000
26						$3\frac{1}{2}$	188,000	685,000
27						5	268,000	663,000

¹ Assuming participation by all Members.

² At the $3\frac{1}{2}$ -percent rate, each Member would contribute \$350 each year.

³ At the 5-percent rate, each Member would contribute \$500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 1, 2, and 3, annuity payments would presumably be equal; but total contributions under plan 2, where Members contribute \$188,000 annually, are \$99,000 greater than under plan 1; and total contributions under plan 3, under which Members contribute \$268,000, are \$141,000 greater than the annual contributions under plan 1. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

The terms and costs of the plans in group I-A are summarized in table I-A.

Group I-B (8 years of service required to qualify)

Plan 28

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$4,800
At ages 60-64.....3,600
At ages 55-59.....2,400
At ages 50-54.....2,000

(c) Contributions by Members, none.

(d) Contributions by the Government, \$906,000 annually.

Plan 29

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$4,800
At ages 60-64.....3,600
At ages 55-59.....2,400
At ages 50-54.....2,000

(c) Contributions by Members, $3\frac{1}{2}$ percent (\$350 by each Member annually); \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$800,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 28 and 29 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 29 are estimated at \$988,000, \$82,000 higher than under plan 28. This amount, \$82,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 30

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$4,800
At ages 60-64.....3,600
At ages 55-59.....2,400
At ages 50-54.....2,000

(c) Contribution by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$755,000 annually.

Plan 31

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$6,000
At ages 60-64.....4,500
At ages 55-59.....3,000
At ages 50-54.....2,500

(c) Contributions by Members, none.

(d) Contributions by the Government, \$1,133,000 annually.

Plan 32

(a) Retirement on annuity after completion of 8 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over.....\$6,000
At ages 60-64.....4,500
At ages 55-59.....3,000
At ages 50-54.....2,500

(c) Contributions by Members, $3\frac{1}{2}$ percent (\$350 by each Member annually); \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest

accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$904,000 annually.

TABLE I-B.—Estimated contributions under various congressional retirement systems—reserve basis for financing—8 years of service required for eligibility for annuity

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages				Rate of contribution by members (percent of salary)	Amount of annual contribution ¹ by—	
		50-54	55-59	60-64	65 and over		Members	Government
28	50	\$2,000	\$2,400	\$3,600	\$4,800	0	0	\$906,000
29						2 3/4	\$188,000	800,000
30						5	268,000	755,000
31						0	0	1,133,000
32						3 1/2	188,000	1,027,000
33		3,000	3,600	5,400	7,200	5	268,000	982,000
34						0	0	1,359,000
35						3 1/2	188,000	1,253,000
36						5	268,000	1,208,000
37						0	0	790,000
38	55		2,400	3,600	4,800	3 1/2	188,000	707,000
39						5	268,000	671,000
40						0	0	988,000
41						3 1/2	188,000	905,000
42						5	268,000	869,000
43		3,000	3,600	5,400	7,200	0	0	1,185,000
44						3 1/2	188,000	1,102,000
45						5	268,000	1,066,000
46						0	0	661,000
47						3 1/2	188,000	600,000
48	60		3,000	4,800	6,000	5	268,000	573,000
49						0	0	828,000
50						3 1/2	188,000	765,000
51						5	268,000	738,000
52		5,400	7,200			0	0	992,000
53						3 1/2	188,000	931,000
54						5	268,000	904,000

¹ Assuming participation by all Members.

² At the 3 1/2-percent rate, each Member would contribute \$350 each year.

³ At the 5-percent rate, each Member would contribute \$500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 28, 29, and 30, annuity payments would presumably be equal; but total contributions under plan 29, where Members contribute \$188,000 annually, are \$82,000 greater than under plan 28; and total contributions under plan 30, under which Members contribute \$268,000, are \$117,000 greater than the annual contributions under plan 28. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

Table I-B summarizes the terms and costs of the plans in group I-B.

Group I-C (6 years of service required to qualify)

Plan 55

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$4,800
At ages 60-64	3,600
At ages 55-59	2,400
At ages 50-54	2,000

(c) Contributions by Members, none.

(d) Contributions by the Government, \$1,105,000 annually.

Plan 56

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$4,800
At ages 60-64	3,600
At ages 55-59	2,400
At ages 50-54	2,000

(c) Contributions by Members, 3 1/2 percent (\$350 by each Member annually), \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$936,000 annually.

NOTE. When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not

qualify for annuity are refunded; that is, only a part of the Member's contributions ultimately are applied toward annuities. Plans 55 and 56 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 56 are estimated at \$1,174,000, \$69,000 higher than under plan 55. This amount, \$69,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 57

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$4,800
At ages 60-64	3,600
At ages 55-59	2,400
At ages 50-54	2,000

(c) Contributions by Members, 5 percent (\$500 by each Member annually), \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$936,000 annually.

Plan 58

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$6,000
At ages 60-64	4,500
At ages 55-59	3,000
At ages 50-54	2,500

(c) Contributions by Members, none.

(d) Contributions by the Government, \$1,331,000 annually.

Plan 59

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$6,000
At ages 60-64	4,500
At ages 55-59	3,000
At ages 50-54	2,500

(c) Contributions by Members, 3 1/2 percent (\$350 by each Member annually), \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$1,262,000 annually.

Plan 60

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$6,000
At ages 60-64	4,500
At ages 55-59	3,000
At ages 50-54	2,500

(c) Contributions by Members, 5 percent (\$500 by each Member annually), \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$1,212,000 annually.

Plan 61

(a) Retirement on annuity after completion of 6 years of service and attainment of age 50.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over	\$7,200
At ages 60-64	5,400
At ages 55-59	3,600
At ages 50-54	3,000

(c) Contributions by Members, none.

(d) Contributions by the Government, \$1,658,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his bene-

ficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$1,276,000 annually.

Plan 73

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$4,800
At ages 60-64..... 3,600

(c) Contributions by Members, none.

(d) Contributions by the Government, \$761,000 annually.

Plan 74

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$4,800
At ages 60-64..... 3,600

(c) Contributions by Members, 3½ percent (\$350 by each Member annually), \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$695,000 annually.

Plan 75

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$4,800
At ages 60-64..... 3,600

(c) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$666,000 annually.

Plan 76

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$6,000
At ages 60-64..... 4,500

(c) Contributions by members, none.

(d) Contributions by the Government, \$951,000 annually.

Plan 77

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$6,000
At ages 60-64..... 4,500

(c) Contributions by Members, 3½ percent (\$350 by each Member annually); \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$885,000 annually.

Plan 78

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$6,000
At ages 60-64..... 4,500

(c) Contributions by Members, 5 percent (\$500 by each Member annually), \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions, with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$856,000 annually.

Plan 79

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$7,200
At ages 60-64..... 5,400

(c) Contributions by Members, none.

(d) Contributions by the Government, \$1,142,000 annually.

Plan 80

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$7,200
At ages 60-64..... 5,400

(c) Contributions by Members, 3½ percent (\$350 by each Member annually), \$188,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions, with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$1,076,000 annually.

Plan 81

(a) Retirement on annuity after completion of 6 years of service and attainment of age 60 or over.

(b) Amounts of annuity after retirement to be as follows:

Retirement:

At age 65 or over..... \$7,200
At ages 60-64..... 5,400

(c) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.

(d) In event of death or withdrawal from Congress before beginning to receive an annuity the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(e) Contributions by the Government, \$1,047,000 annually.

Table I-C summarizes the terms and costs of the plans in group I-C.

TABLE I-C.—Estimated contributions under various congressional retirement systems—reserve basis for financing—6 years of service required for eligibility for annuity

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages—				Rate of contribution by Members (percent of salary)	Amount of annual contribution ¹ by—	
		50-54	55-59	60-64	65 and over		Members	Government
55	50					0	0	\$1,105,000
56						3½	\$188,000	986,000
57		\$2,000	\$2,400	\$3,600	\$4,800	5	268,000	936,000
58						0	0	1,381,000
59		2,500	3,000	4,500	6,000	3½	188,000	1,202,000
60						5	268,000	1,212,000
61						0	0	1,658,000
62		3,000	3,600	5,400	7,200	3½	188,000	1,539,000
63						5	268,000	1,489,000
64						0	0	938,000
65	55		2,400	3,600	4,800	3½	188,000	846,000
66						5	268,000	807,000
67						0	0	1,173,000
68			3,000	4,500	6,000	3½	188,000	1,081,000
69						5	268,000	1,042,000
70						0	0	1,407,000
71			3,600	5,400	7,200	3½	188,000	1,315,000
72						5	268,000	1,276,000

¹ Assuming participation by all Members.

² At the 3½ percent rate, each Member would contribute \$350 each year.

³ At the 5 percent rate, each Member would contribute \$500 each year.

TABLE I-C.—Estimated contributions under various congressional retirement systems—reserve basis for financing—6 years of service required for eligibility for annuity—Continued

Plan No.	Minimum retirement age	Amount of annuity after retirement at ages—				Rate of contribution by Members (percent of salary)	Amount of annual contribution by—	
		50-54	55-59	60-64	65 and over		Members	Government
73.....	60					0	0	\$761,000
74.....				\$3,600	\$4,800	3½	188,000	695,000
75.....						5	268,000	666,000
76.....						0	0	951,000
77.....				4,500	6,000	3½	188,000	885,000
78.....						5	268,000	856,000
79.....						0	0	1,142,000
80.....				5,400	7,200	3½	188,000	1,076,000
81.....						5	268,000	1,047,000

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. For example, under plans 55, 56, and 57, annuity payments would presumably be equal; but total contributions under plan 55, where Members contribute \$188,000 annually, are \$69,000 greater than under plan 56; and total contributions under plan 57, under which Members contribute \$268,000 are \$99,000 greater than the annual contributions under plan 55. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

Group II: Plans in which full annuity is payable at 65 in amounts proportionate to length of service in Congress.

Plan 82

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
 (c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)
 (d) Contributions by Members, none.
 (e) Death benefit, none.
 (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.
 (g) Contributions by the Government, \$720,000 annually.

Plan 83

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
 (c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)
 (d) Contributions by Members, 3½ percent (\$350 by each Member annually), \$188,000 annually.
 (e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
 (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service beginning at retirement age.
 (g) Contributions by the Government, \$548,000 annually.

Plan 84

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)

(c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)

(d) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.

(e) Death benefit.—In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund, his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.

(f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.

(g) Contributions by the Government, \$473,000 annually.

Plan 85

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
 (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$600; for 10 years of service, \$3,000; and 30 years of service, \$9,000.)
 (d) Contributions by Members, none.
 (e) Death benefits, none.
 (f) Withdrawal benefit.—Members would retain the right to receive annuities earned by service, beginning at retirement age.
 (g) Contributions by the Government, \$1,080,000 annually.

Plan 86

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
 (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be \$600; for 10 years of service, \$3,000; and 30 years of service, \$9,000.)
 (d) Contributions by Members, 3½ percent (\$350 by each Member annually), \$188,000 annually.
 (e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
 (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.
 (g) Contributions by the Government, \$908,000 annually.

Plan 87

- (a) Retirement on full annuity upon attainment of age 65.
 (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
 (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be \$600; for 10 years of service, \$3,000; and 30 years of service, \$9,000.)
 (d) Contributions by Members, 5 percent (\$500 by each Member annually), \$268,000 annually.
 (e) Death benefit, none.
 (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.
 (g) Contributions by the Government, \$833,000 annually.

The terms and costs of the plans in group II are summarized in table II.

TABLE II.—Estimated contributions under various congressional retirement systems—reserve basis of financing

Plan No.	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Annuity rate for each year of service	Amount of annuity per year for—					Rate of contribution by Members (percent of salary)	Amount of annual contribution by—	
				2 years' service	5 years' service	10 years' service	20 years' service	30 years' service		Members	Government
82.....	65	0	2	\$400	\$1,000	\$2,000	\$4,000	\$6,000	0	0	\$720,000
83.....	65	0	2	400	1,000	2,000	4,000	6,000	3½	188,000	548,000
84.....	65	0	2	400	1,000	2,000	4,000	6,000	5	268,000	473,000
85.....	65	0	3	600	1,500	3,000	6,000	9,000	0	0	1,080,000
86.....	65	0	3	600	1,500	3,000	6,000	9,000	3½	188,000	908,000
87.....	65	0	3	600	1,500	3,000	6,000	9,000	5	268,000	833,000

¹ Assuming participation by all Members.

NOTE.—In plans 82 to 87, inclusive, Members withdrawing before retirement age retain the right to annuity credits earned while in service; contributions are to be refunded only in event of death prior to retirement or prior to receiving, in annuities, the amount of contributions, with interest to the date of retirement. For example, if a Member served 10 years from age 35 to 45, he could receive at 65, \$2,000. If he

died at age 55, he would receive his contributions (\$3,500 under a 3½ percent contribution rate, or \$5,000 at the 5 percent rate) plus interest at the rate of 4 percent per annum, compounded annually, to the date of death. Annuities payable at 65 can be converted into immediate annuities of the same actuarial value. For example, the Member in the illustration above could convert his annuity of \$2,000 payable from age 65 into an annuity of about \$1,200 payable from age 60.

Group III—Plans in which retirement benefits are payable only to Members still in service at 65 or 70 and who have specified period of service

Plan 88

- (a) Retirement on annuity only at or after age 65.
- (b) Annuity payable only after the completion of 5 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$507,000 annually.

Plan 89

- (a) Retirement on annuity only at or after age 65.
- (b) Annuity payable only after the completion of 10 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$370,000 annually.

Plan 90

- (a) Retirement on annuity only at or after age 65.
- (b) Annuity payable only after the completion of 15 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$248,000 annually.

Plan 91

- (a) Retirement on annuity only at or after age 65.
- (b) Annuity payable only after the completion of 20 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$141,000 annually.

Plan 92

- (a) Retirement on annuity only at or after age 65.
- (b) Annuity payable only after the completion of 25 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$50,000 annually.

Plan 93

- (a) Retirement on annuity only at or after age 70.
- (b) Annuity payable only after the completion of 5 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$293,000 annually.

Plan 94

- (a) Retirement on annuity only at or after age 70.
- (b) Annuity payable only after the completion of 10 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by Government, \$218,000 annually.

Plan 95

- (a) Retirement on annuity only at or after age 70.
- (b) Annuity payable only after the completion of 15 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$161,000 annually.

Plan 96

- (a) Retirement on annuity only at or after age 70.
- (b) Annuity payable only after the completion of 20 years of service.
- (c) Amount of annuity, \$5,000 per annum.
- (d) Contributions by members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit, none.
- (g) Contributions by the Government, \$99,000 annually.

Plan 97

- (a) Retirement on annuity only at or after age 70.
- (b) Annuity payable only after the completion of 25 years of service.

- (c) Amount of annuity, \$5,000 per annum.
 - (d) Contributions by members, none.
 - (e) Death benefit, none.
 - (f) Withdrawal benefit, none.
 - (g) Contributions by the Government, \$44,000 annually.
- The provisions of these plans in group III and the estimated costs are summarized in table III.

TABLE III.—Estimated contributions under various congressional retirement systems—reserve basis of financing

Plan No.	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Amount of annuity per year	Rate of contribution by Members (percent of salary)	Amount of annual contribution ¹ by—	
					Members	Government
88....	65	5	Flat rate of \$5,000, payable only to Members in service at or after normal retirement age and having prescribed period of service.	0	0	\$507,000
89....	65	10		0	0	370,000
90....	65	15		0	0	248,000
91....	65	20		0	0	141,000
92....	65	25		0	0	50,000
93....	70	5	do.....	0	0	293,000
94....	70	10		0	0	218,000
95....	70	15		0	0	161,000
96....	70	20		0	0	99,000
97....	70	25		0	0	44,000

¹ Assuming participation by all Members.

Group IV—Plans in which retirement benefit is payable after specified periods of service, irrespective of age

Plan 98

- (a) Retirement after a minimum of 15 years of service, irrespective of age.
- (b) Amount of annuity: \$3,600 for those retiring with from 15 to 19 years of service; \$4,800 for those retiring after 20 or more years of service.
- (c) Contributions by Members, none.
- (d) Withdrawal benefit, none.
- (e) Contributions by the Government, \$399,000 annually.

Plan 99

- (a) Retirement after a minimum of 15 years of service, irrespective of age.
- (b) Amount of annuity: \$3,600 for those retiring with from 15 to 19 years of service; \$4,800 for those retiring after 20 or more years of service.
- (c) Contributions by Members, 3½ percent (\$350 by each Member annually); \$188,000 annually.
- (d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
- (e) Contributions by the Government, \$360,000 annually.

NOTE.—When the Members contribute under the type of plan outlined here, the total contributions by Members and the Government are higher than if the Government alone contributes. This results from the fact that contributions by Members who do not qualify for annuity are refunded; that is, only a part of the Member contributions ultimately are applied toward annuities. Plans 98 and 99 provide for identical annuities; presumably, disbursements for annuities under the two plans would be equal. But aggregate annual contributions under plan 99 are estimated at \$548,000, \$149,000 higher than under plan 1. This amount, \$149,000, is a measure of the contributions of Members refunded because of their failure to qualify for an annuity.

Plan 100

- (a) Retirement after a minimum of 15 years of service, irrespective of age.
- (b) Amount of annuity: \$3,600 for those retiring with from 15 to 19 years of service; \$4,800 for those retiring after 20 or more years of service.
- (c) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.
- (d) In event of death or withdrawal from Congress before beginning to receive an annuity, the former Member or his beneficiaries would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
- (e) Contributions by the Government, \$342,000 annually.

TABLE IV.—Plans which pay benefits after a minimum of 15 years of service, irrespective of age

Plan No.	Annuity for—		Rate of contribution by Members (percent of salary)	Amount of annual contribution ¹ by—	
	15-19 years of service	20 or more years of service		Members	Government
98.	\$3,600	\$4,800	0	0	\$399,000
99.	3,600	4,800	3½	188,000	360,000
100.	3,600	4,800	5	268,000	342,000

¹ Assuming participation by all Members.² At the 3½-percent rate, each Member would contribute \$350 each year.³ At the 5-percent rate, each Member would contribute \$500 each year.

NOTE.—Total contributions of Members and Government are higher when Members contribute than they are when the Government alone contributes. This results from the fact that the contributions of the Members who withdraw or die before retirement are refunded, and only part actually go for the payment of annuities. Under all 3 plans, annuity payments would presumably be equal; but total contributions under plan 99, where Members contribute \$188,000 annually, are \$149,000 greater than under plan 98; and total contributions under plan 100, under which Members contribute \$268,000, are \$211,000 greater than the annual contributions under plan 98. These excess amounts indicate the amounts of contributions which would be refunded with respect to Members who do not qualify for an annuity.

MEMORANDUM ON COSTS OF A CONGRESSIONAL RETIREMENT SYSTEM

Except for the terms of the plans, the memorandum makes the same assumptions as those which were outlined in the first memorandum. The plans for which cost figures are given, however, are somewhat different in type from those described in the first memorandum. Plans 28 through 33 provide for annuities varying as to length of service. For example, in plan 28 a Member with 2 years of service would receive \$400 annually, whereas a Member with 30 years of service would receive 15 times as much or \$6,000 annually. Moreover, in the event that a Member withdrew from service before retirement age, he would not receive the contributions which he had made, plus interest, but instead would retain the right to receive an annuity, in the amount of the credits earned by him for service, beginning in full at the normal age of retirement. For example, a Member elected to Congress at the age of 35 and serving until 45 would have the right under plan 28 to receive \$2,000 annually beginning at age 65. Just as in the case of the previous memorandum, however, service prior to the date of the plan would count for participating Members equally with service after the plan was begun. For example, if the plan were begun on January 1, 1940, and a Member at that time had 9 years of service and was not reelected to any following Congress, he would retain rights to receive an annuity based on his 10 years of service.

In the event of death before retirement, however, the contributions made by the Member with interest accumulated at the rate of 4 percent per annum would be returned to his beneficiaries. If death occurred after retirement but before the annuities received equaled the amount of the death benefit at retirement the balance would also be paid the beneficiaries.

Under these 6 plans, 28 to 33, inclusive, the annuities could be made payable in amounts adjusted for the earlier beginning date at ages under 65. This is accomplished by determining the value of the reserve held for the annuity deferred to age 65 and applying that reserve to the payment of an immediate annuity. At age 60, for example, a life annuity payable from age 65 has a value, using the mortality tables on which these cost figures are based and interest at 4 percent per annum, of approximately 63 percent of an immediate annuity in the same amount payable from age 60. Thus a Member having to his credit \$2,000 of an annuity beginning at age 65 could receive an annuity of \$1,260 payable at age 60 without having any effect on the cost of the plan.

A second group of 10 plans provides for a flat annuity of one-half pay, payable only at age 65 or 70 after varying periods of service. Under these plans, numbered 34 to 43, inclusive, there would be no annuity payable upon retirement before normal age or retirement at or after the normal age with less than the specified number of years of service.

DETAILED PLANS

Plan 28

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)
- (d) Contribution by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
- (g) Contributions by the Government, \$720,000 annually.

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Plan 29

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)
- (d) Contributions by Members, 3½ percent (\$350 by each Member annually); \$188,000 annually.
- (e) Death benefit. In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
- (f) Withdrawal benefit. Members would retain the right to receive annuities earned by service beginning at retirement age.
- (g) Contributions by the Government, \$548,000 annually.

Plan 30

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 2 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$400; for 10 years of service, \$2,000; and 30 years of service, \$6,000.)
- (d) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.
- (e) Death benefit: In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
- (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service, beginning at retirement age.
- (g) Contributions by the Government, \$473,000 annually.

Plan 31

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service the annuity beginning at age 65 would be \$600; for 10 years of service, \$3,000; and 30 years of service, \$9,000.)
- (d) Contributions by Members, none.
- (e) Death benefit, none.
- (f) Withdrawal benefit: Members would retain the right to receive annuities earned by service beginning at retirement age.
- (g) Contributions by the Government, \$1,080,000 annually.

Plan 32

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$600; for 10 years of service \$3,000, and 30 years of service \$9,000.)
- (d) Contributions by Members, 3½ percent (\$350 by each Member annually); \$188,000 annually.
- (e) Death benefit. In the event of death before beginning to receive an annuity, the beneficiaries of the Member would receive as a refund his contributions with interest accumulated at the rate of 4 percent per annum, compounded annually. In the event of the death of a Member on the retired list before receiving in annuities the amount of his contributions with interest accumulated until retirement, the difference between the accumulated contributions and the annuities would be paid to his beneficiaries.
- (f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
- (g) Contributions by the Government, \$908,000 annually.

Plan 33

- (a) Retirement on full annuity upon attainment of age 65.
- (b) Retirement on annuity on an adjusted amount prior to age 65. (At 60, for example, the adjusted amount would be about 63 percent of the full amount payable at 65.)
- (c) The amount of annuity to be 3 percent of the salary for each year of service. (For example, after 2 years of service, the annuity beginning at age 65 would be \$600; for 10 years of service \$3,000, and 30 years of service \$9,000.)
- (d) Contributions by Members, 5 percent (\$500 by each Member annually); \$268,000 annually.
- (e) Death benefit, none.

(f) Withdrawal benefit. Members would retain the right to receive annuities earned by service, beginning at retirement age.
(g) Contributions by the Government, \$833,000 annually.

Plan 34

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$507,000 annually.

Plan 35

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$370,000 annually.

Plan 36

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$248,000 annually.

Plan 37

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$141,000 annually.

Plan 38

(a) Retirement on annuity only at or after age 65.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$50,000 annually.

Plan 39

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 5 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$293,000 annually.

Plan 40

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 10 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$218,000 annually.

Plan 41

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 15 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$161,000 annually.

Plan 42

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 20 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$99,000 annually.

Plan 43

(a) Retirement on annuity only at or after age 70.
(b) Annuity payable only after the completion of 25 years of service.
(c) Amount of annuity, \$5,000 per annum.
(d) Contributions by Members, none.
(e) Death benefit, none.
(f) Withdrawal benefit, none.
(g) Contributions by the Government, \$44,000 annually.

A table summarizing the provisions of these plans and the estimated costs is appended.

JUNE 3, 1939.

Estimated contributions under various congressional retirement systems—reserve basis for financing

Plan No.:	Age of retirement on full annuity	Number of years of service required to qualify for annuity	Annuity rate for each year of service	Amount of annuity per year for—					Rate of contribution by Members (percent of salary)	Amount of annual contribution ¹ by—	
				2 years' service	5 years' service	10 years' service	20 years' service	30 years' service		Members	Government
28.....	65	0	2	\$400	\$1,000	\$2,000	\$4,000	\$6,000	0	0	\$720,000
29.....	65	0	2	400	1,000	2,000	4,000	6,000	3	\$188,000	548,000
30.....	65	0	2	400	1,000	2,000	4,000	6,000	5	268,000	473,000
31.....	65	0	3	600	1,500	3,000	6,000	9,000	0	0	1,080,000
32.....	65	0	3	600	1,500	3,000	6,000	9,000	3	188,000	908,000
33.....	65	0	3	600	1,500	3,000	6,000	9,000	5	268,000	833,000
34.....	65	5	3	600	1,500	3,000	6,000	9,000	0	0	\$307,000
35.....	65	10	3						0	0	370,000
36.....	65	15	3						0	0	248,000
37.....	65	20	3						0	0	141,000
38.....	65	25	3						0	0	50,000
39.....	70	5	3						0	0	293,000
40.....	70	10	3						0	0	218,000
41.....	70	15	3						0	0	161,000
42.....	70	20	3						0	0	99,000
43.....	70	25	3						0	0	44,000

¹ Assuming participation by all Members.

NOTE.—In plans 28 to 33, inclusive, Members withdrawing before retirement age retain the right to annuity credits earned while in service; contributions are to be refunded only in event of death prior to retirement or prior to receiving in annuities the amount of contributions, with interest to the date of retirement. For example, if a Member served 10 years from age 35 to 45 he could receive at 65, \$2,000. If he died

at age 55, he would receive his contributions (\$3,500 under a 3½-percent contribution rate, or \$5,000 at the 5-percent rate) plus interest at the rate of 4 percent per annum, compounded annually, to the date of death. Annuities payable at 65 can be converted into immediate annuities of the same actuarial value. For example, the Member in the illustration above could convert his annuity of \$2,000 payable from age 65 into an annuity of about \$1,260 payable from age 60.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938—
CONFERENCE REPORT

Mr. HATCH submitted the following report:

Mr. BANKHEAD. Mr. President, in view of the collection of information contained in Mr. Latimer's report I think it would be well to have the statement printed in the form of a public document, and I ask unanimous consent that it be printed as a document and that 2,500 copies of it be made available.

The PRESIDING OFFICER (Mr. BILBO in the Chair). Is there objection? The Chair hears none, and it is so ordered. (S. Doc. No. 85.)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1569) to amend the Agricultural Adjustment Act of 1938, as amended, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same.

J. H. BANKHEAD,
CARL A. HATCH,
Managers on the part of the Senate.
MARVIN JONES,
WALL DOXEY,
CLIFFORD R. HOPE,
Managers on the part of the House.

Mr. HATCH. I ask unanimous consent for the immediate consideration of the report.

Mr. AUSTIN. Mr. President, I should like to ask the Senator a question. On what point did the Senate conferees recede?

Mr. HATCH. The Senate conferees receded on a point raised in an amendment of the House which does not change the bill except as to time. The bill as it passed the Senate provided that certain provisions of the Agricultural Adjustment Act which would expire in 1940 should be extended throughout 1941 and 1942. The House changed that, striking out the reference to 1941 and 1942, and making it read "and subsequent years," so that it would not be necessary again to extend the provisions of the act. The Senate conferees agreed to the change.

Mr. AUSTIN. What were the provisions proposed to be extended?

Mr. HATCH. One relates to the 60-percent limitation on the production of cotton. Under the 1938 Agricultural Adjustment Act it was provided in section (E) that no county should have its acreage for cotton reduced to less than 50 percent of its 1937 planting plus diverted acreage. This provision puts a floor under what the Secretary of Agriculture may do in the way of reducing acreage.

Mr. AUSTIN. It relates to the acreage quota?

Mr. HATCH. That is correct.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

There being no objection, the report was considered and agreed to.

COLLECTION OF FOREIGN DEBTS OWED THE UNITED STATES

Mr. REYNOLDS. Mr. President, I should like at this time to call the attention of my colleagues and of the Nation to a bad memory, to one of our semiannual black-letter days, which has just passed, and the great powers now playing in the international poker game "passed" with it, save only the little country of Finland. I am referring to June 15, the date on which our defaulting European debtors dodged again, and only an ever-dwindling few were polite enough to notify us that they were not going to pay. The Japanese are not the only ones who say, "So sorry, excuse please!"

I think it is time that we here in the Senate, always talking about new taxes, new relief bills, new spending, talk about collecting a few billion dollars in behalf of the American taxpayer. I believe the Americans who pay taxes want us to collect these debts. After all, if these debts were paid, our staggering national debt could be retired.

There has recently been agitation to lift the present limit of \$45,000,000,000. If our war debts were collected we would not have to worry about that limit. The collections could retire 13 billions in outstanding Federal bonds. Nearly half of those bonds were floated in the dark days of the World War, to raise in America the money from Americans to finance Europe's family quarrel, to save the world for the franc, the pound, and the lira.

Mr. President, I can say that the American citizen everywhere wants us to collect. Just the other day, riding to the Capitol in a taxi, the driver, a war veteran, incidentally, was talking about the visit of the King and Queen of England. He thought the visit was a nice gesture, good for friendship, but he went on to say: "I think England ought to pay its war debt, or at least pay the interest on it. I think all those nations that owe us money ought to pay it. I have to pay my bills; why shouldn't they? I think that if the King had announced over here that England intended to pay her war debt, the good done by his visit would have been a thousand times bigger. They borrowed the money; they owe the money. We ought to be paid!"

That was a taxi driver's interest in war debts. He spoke as a plain American citizen, earning his living by rolling a cab around the streets of Washington. But he is a taxpayer, and he has every right to demand that the American Government collect something for the taxpayers as well as from them.

I am sure all my colleagues would join me in the Senate in cutting our taxes if we could. God knows we do not like to be raising them. If we collected those war debts we could cut our taxes. We could take some of the load off business. We could take some of the burden off the farmer, the working man, the little storekeeper who pays taxes.

I understand there is considerable talk now about lowering the exemption on income taxes so as to make more people pay taxes. In other words, we will have no mercy on our own people, just dip right down into their pockets as deeply as we can get and take all we can find. And we will be dipping down for a lot of it, because we are so generous with \$13,000,000,000 these great big nations owe us, which they will not pay. All that Europe wants to send us is refugees. So we get ready to soak our own folks to save somebody else. Big-hearted Uncle Sam! They want to pay us in immigrants, who would take the jobs of Americans; they want to make an initial "payment" to us of 20,000 refugees.

I am not surprised that many taxpayers are disgusted. I am, too. Any such treatment as this looks like asking America to finance the world as well as feed its refugees. They will not pay, but they wish to send their refugees here for us to feed. Why cannot England, France, Russia, Germany, Italy, Poland, and the other nations pay us at least something on account? They have plenty of money with which to buy battleships, to build airplanes, to manufacture cannon, and to stack up rifles.

Mr. President, what would you think of a friend of yours who was so sick he was almost dead and who borrowed a hundred dollars of you and then, when it was time to pay it back, said, "Bill Smith has been saying nasty things about me, so I'm going out to buy a rifle and I can't pay you; you'll just have to wait"? That is, more or less, exactly what has been done to all of us by these friends who were dying until we gave them a transfusion of men and money. Now that they are feeling chipper and cocky again, strutting their armies up and down Europe, the doctor can go to a climate even warmer than we are experiencing in Washington at the present time outside of this air-conditioned Chamber.

Mr. LUNDEEN. Mr. President—

The PRESIDING OFFICER (Mr. LEE in the Chair). Does the Senator from North Carolina yield to the Senator from Minnesota?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. May I say to my friend, the able Senator from North Carolina, that we must remember that we expended this money to make the world safe for democracy? Should we not forgive them then?

Mr. REYNOLDS. I will say to the Senator in answer to that question that we were led into the war under the guise that we were going to save democracy, and stop anarchy, and stop war for all time.

Mr. LUNDEEN. The distinguished Senator will no doubt bear me out in the statement that we were successful in that respect, were we not?

Mr. REYNOLDS. We were not at all successful in that, and, if the Senator will pardon me, I will say that, as a matter of fact, since the last World War ended November 11, 1918, more than 3,000,000 persons have been killed in battle in Spain, in Ethiopia, and in China.

Mr. LUNDEEN. Then we did not succeed in saving the world? And we did not put an end to all wars? Can that be possible? Were we not the invincible crusaders led on by Woodrow the Great.

Mr. REYNOLDS. Of course not, and as for saving Christianity, the Senator certainly knows that more temples of worship have been razed to the ground and destroyed and more Christian people have been murdered than at any other time within the past 50 years prior to the breaking out of the World War in August of 1914.

Mr. LUNDEEN. I should like to ask the Senator, is there not more democracy in the world now than there was in 1917, or is it possible that there is less democracy and can we really believe the scoundrels who boasted "He kept us out of war;" only to betray us into war?

Mr. REYNOLDS. That depends upon what is considered to be democracy. Since the revolution in Russia, which, according to my recollection, broke out about 1917, the 160,000,000 to 180,000,000 people constituting the population of Soviet Russia claim that their country is a democracy.

Mr. LUNDEEN. May I inquire of the Senator whether the Senator considers the British Empire and the French Empire to be democracies?

Mr. REYNOLDS. In a sense I consider Great Britain to be an imperialistic democracy. I consider France to be a socialistic democracy.

The Senator will recall that the Prime Minister of France, or the War Minister—I believe one man holds both offices—recently was declared a virtual dictator of the Republic of France.

Mr. LUNDEEN. If the Senator will permit I should like to insert in the RECORD at this point in his remarks a short statement as to the so-called democracies of Britain and France—a statement which I made on the floor of the Senate some weeks back and also a definition of Britain's form of government by Sir Anthony Eden.

Mr. REYNOLDS. I should be very much indebted to the Senator from Minnesota if he would do so. I thank the Senator very much for his very excellent contribution.

The PRESIDING OFFICER. Without objection, the statement referred to by the Senator from Minnesota may be printed in the RECORD.

The statement and definition are as follows:

PREDATORY DEMOCRACIES

It seems to me that the nations which are referred to as democracies are empires—worldwide, far-flung empires. France is an empire. That empire has been won by conquest and aggression. The swords of the French imperialists are dripping with blood. They have acquired their territory by aggression. That empire extends into Asia, Africa, and America. It is not European alone; it is worldwide. France is an empire won by aggression and war, and everyone knows it, or should know it.

The far-flung Empire of Britain, scattered over one-third of this mighty earth, upon which the sun never sets, was won by aggression and war. It was won by bloodshed, won by swords dipped into the blood of nations now enslaved by that empire; and yet we hear Senators and Representatives talk about defending these democracies! If that be democracy, God save the world!

We have a democracy here. Let us save that democracy. Let us attend to our own affairs and preserve and protect our own people, including our 12,000,000 unemployed.

If we enter another destructive world war, democracy may disappear from the earth. We may scrap our own institutions. We may ruin the work that our fathers and founders laid down in this country, which they have bequeathed to us, which it is our sacred duty to uphold, and which we are sworn to uphold.

I am weary of hearing about defending democracies which are nothing but bloody, aggressive empires, which hold hundreds of millions of enslaved people under their imperial rule. We are still nursing our wounds from the last war "to save the world for democracy." We are still trying feebly to collect billions of unpaid war debts which the debtors solemnly promised to pay, but never paid; and yet they have the nerve to come over here to us now and ask us again to defend their democracies—democracies, indeed!

THE STATE OF BRITISH DEMOCRACY IN 1928

"We have not got democratic government today. We never had it, and I venture to suggest to honorable members opposite that we shall never have it. What we have done in all the progress of reform and evolution of politics is to broaden the basis of oligarchy."—Anthony Eden.

Mr. REYNOLDS. Mr. President, I take this opportunity to place bouquets where they deserve to be placed. I wish to say that I consider my friend and colleague, the Senator from Minnesota [Mr. LUNDEEN], who has been so kind as to contribute to the few words I had to say upon this subject, to be one of America's greatest patriots, and I wish that all America could hear me say that, because I know of no man in this body who is more thoroughly interested in the American taxpayers and in the future of America than is the distinguished Senator from the great Commonwealth of Minnesota.

Mr. LUNDEEN. I wish to thank the Senator from North Carolina for that statement, for I have vivid recollections of a time when I was called something other than a patriot.

Mr. REYNOLDS. I recall that once upon a time when the Senator was a Member of the House of Representatives he had the courage of his convictions and voted against America's entering the war to save the world for democracy, and to save Christianity, and to stop all war, and when he returned to his State he was threatened with lynching, and people wanted to run him out of town; but later they returned him to the Senate as Minnesota's hero, and I am glad they returned him because the American people have in this body a 100 percent patriotic and courageous citizen.

Mr. President, even though my colleagues are aware of the exact amounts owed by these defaulters—and I apologize to them for taking up their time, for I know that they are more thoroughly familiar with this subject than I am—I want the American people to know just who owes and how much. Then they will know how to answer the war makers and gossipmongers of Europe when they come around again with their little cup begging for help. As certain as it is that we are here today, they will be coming around with their little cups begging again for our money and our men.

I have before me a statement which some months ago I inserted in the CONGRESSIONAL RECORD when I was speaking upon this same subject upon the floor of the Senate. The statement shows the total indebtedness of foreign governments to the United States as of January 31, 1938. I ask that the statement be inserted in the RECORD as a part of my remarks at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Statement showing total indebtedness of foreign governments to the United States, Jan. 31, 1938

Country	Total indebtedness	Principal unpaid	Interest postponed and payable under moratorium agreements	Interest accrued and unpaid under funding and moratorium agreements
Funded debts:				
Austria.....	\$26,005,480.99	\$25,980,480.66	-----	\$25,000.33
Belgium.....	440,576,360.97	400,680,000.00	\$3,750,000.00	36,146,360.97
Czechoslovakia.....	165,658,603.61	165,241,108.90	-----	417,494.71
Estonia.....	18,039,718.13	16,466,012.87	492,380.19	1,081,345.07
Finland.....	8,350,481.00	8,198,489.98	151,991.02	-----
France.....	4,121,120,502.59	3,863,650,000.00	38,636,500.00	218,834,002.59
Great Britain.....	5,263,719,066.73	4,368,000,000.00	131,520,000.00	764,199,066.73
Greece.....	33,898,484.24	31,516,000.00	449,080.00	1,903,404.24
Hungary.....	2,316,268.35	1,908,560.00	57,072.75	350,635.60
Italy.....	2,019,907,055.68	2,004,900,000.00	2,506,125.00	12,500,930.68
Latvia.....	8,300,896.27	6,879,464.20	205,989.96	1,215,442.11
Lithuania.....	7,429,514.65	6,197,682.00	185,930.46	1,045,902.19
Poland.....	252,159,819.66	206,057,000.00	6,161,835.00	39,940,984.66
Rumania.....	63,971,892.36	63,890,590.43	-----	111,331.93
Yugoslavia.....	61,663,515.63	61,625,000.00	-----	38,515.63
Total.....	12,493,087,660.86	11,231,160,359.04	184,116,884.38	1,077,810,417.44
Unfunded debts:				
Armenia.....	22,705,400.00	11,959,917.49	-----	10,745,482.51
Nicaragua.....	487,544.98	289,898.78	-----	197,646.20
Russia.....	375,742,114.78	192,601,297.37	-----	183,140,817.41
Total.....	398,935,059.76	204,851,113.64	-----	194,083,946.12
Grand total.....	12,892,022,720.62	11,436,011,472.68	184,116,884.38	1,271,894,363.56

Mr. REYNOLDS. Mr. President, the statement was secured by me from the Secretary of the Treasury, Washington, D. C. It shows the indebtedness of foreign governments to the United States as of January 1938. I may add that since the statement was made Finland has paid on account of the above amount \$232,935.50, and Hungary has also reduced her debt as shown on the table by the sum of \$9,828.16. That is a small amount, but it is something. It is better than nothing. The indebtedness of Germany is not shown in the above statement provided me by the Treasury Department.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. It would seem to me that Germany should be held responsible for the Czechoslovakian and Austrian debts.

Mr. REYNOLDS. I am quite in accord with the Senator. In view of the fact that the Senator has suggested that Germany took over Czechoslovakian territory I am thoroughly of the opinion that Germany should be called upon to assume obligations that were made by Czechoslovakia, and I do not see how anyone could argue otherwise.

Mr. LUNDEEN. If I may make a brief statement here I should like to say that great credit is due to the Republic of Finland, which has scrupulously observed its obligations to this Government. It is true that of the original debt they are only paying on about one-half, but that is the amount fixed in the refunding agreement, and they are paying all that is required under that agreement, and Finland is the only nation that is observing that treaty, and it is to the eternal credit and glory of that country and that people that they are doing so.

They have shown their sterling honesty to our country. I will certainly join with the Senator in his statement that we in America could use this money now for the benefit of our people.

I should also like to suggest that along our coast line here, circling the Panama Canal and the Nicaragua Canal region, making an impossible barrier where we cannot even get our ships through without permission from a foreign government in times of war, are islands which ought to be under the American flag. They ought to belong to Uncle Sam. They ought to be American territory. They are American islands, and these foreign governments should turn them over now to apply on the debts that they refuse to pay. The British Empire has nearly one-third of the world under its flag and boasts that it is the greatest empire of all time. This Empire has 600,000,000 people under its flag; this Empire has five times the gold production of the United States. Canada alone produces as much gold as the United States; South Africa four times as much as the United States. They come over here and try to dazzle us with their diamonds and their diadems; their crowns and other royal jewelry. Their royal salary is \$5,000,000 a year, whereas our President is paid \$75,000 a year.

They paid the commander in chief of their Army, Marshal Haig, a bonus of \$500,000 after the war, which I take it was American money; and he never won a great battle in his life. He served under a French general. He did not have the capacity and ability to be commander in chief in the World War, but he absorbed \$500,000 of our money.

Mr. REYNOLDS. We paid his salary.

Mr. LUNDEEN. When the war was over we paid him a bonus of \$500,000; and he never won an important battle in his life. He served under a French general, Foch. The British paid—I presume with our money—\$500,000 to Admiral Beatty, who lost three men and three tons to the Germans' one in the Battle of Jutland, although it must be said to the credit of the British fleet that they succeeded in isolating the German fleet. However, the losses were 3 to 1. He received \$500,000, I take it, of American money that we loaned the British. No wonder they are paying these huge amounts and can be so liberal with our money.

Mr. REYNOLDS. And with other people's property. For example, Czechoslovakia is always appealing at the expense of somebody else.

Mr. President, lest we forget, the figures referred to should be stamped on the memory of every man and every woman in each of our 48 States, thus making it conclusive that our great Uncle Sam will never again—I hope—act as Santa Claus to any ungrateful country or countries.

Think of what happens to one of us when we do not pay our bills. Think of what happens to me when I do not pay my bills. Our creditors are very polite at first. They send us a gentle reminder. Then if we do not pay they begin to get "tough." We receive a strong letter, their attorney telephones, and finally we hear a rap on the door, and there stands the man they sent to collect the debt. That is why, Mr. President, I have taken the floor today to urge upon the Senate that we appoint a collector to collect the money which various countries in Europe owe to 130,000,000

Americans. Why should we go on piling up national debts and carrying a terrific load of international debts? We should not. We should dun Europe until we collect the debts, Mr. President. Why should we not have a collector to rap on the doors of the exchequers of Europe? Why should not some of the cash which Europe is spending for armaments be spent to pay some of its billions upon billions of debt to the 130,000,000 people of the United States?

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. Gladly.

Mr. LUNDEEN. I wonder if the Senator means that we are not now trying to collect the money?

Mr. REYNOLDS. I have not lately heard anybody ask them to pay us.

Mr. LUNDEEN. Are we only sending over perfumed letters asking what they will do about it, and then receiving another scented note in reply? Or is there any Jacksonian red blood and backbone in the American Department of State? What has become of the Americanism we used to have in this country? Shall we stand idly by, with 12,000,000 idle people starving to death in this country, and permit empires which are spending upward of \$10,000,000,000 in rearmament programs to continue to do so, sending out little perfumed notes and allowing them to come back with some little nonessential statement, and then dropping the matter and saying nothing further about it? If that is Americanism, God save the word.

Mr. REYNOLDS. With 12,000,000 out of employment and \$13,000,000,000 due us when June 15 came, they did not even have the decency to write letters to the effect that they regretted that they could not liquidate any part of the principal or any portion of the interest.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. CLARK of Missouri. Mr. President, I noted the same thing the Senator from North Carolina did on June 15 as to the failure of the nations which are in default to us even to acknowledge the fact that they owed us a debt. The thought occurred to me that if we could not get our money we might at least learn a lesson from our past experience. The thought occurred to me that it might be possible for the Congress of the United States to pass a resolution or a bill reciting the facts as to the debts owed us at the conclusion of the last war; as to the example of the United States in possibly the greatest exhibition of generosity which ever took place in international affairs in the history of the world, voluntarily scaling down all those debts to 60 percent; reciting the facts of default; and then setting aside June 15, the due date which has been so much ignored by foreign powers, as a national holiday, a day for meditation and prayer of the American people under the name of "keep-out-of-war day."

Mr. REYNOLDS. I will say to the Senator from Missouri that I shall be very happy indeed to support such a resolution.

Mr. President, On April 13 of this year I introduced Senate Concurrent Resolution No. 12, which provides a practical and businesslike way of collecting the debts. It calls for the employment of Mr. William Griffin, editor and publisher of the New York Enquirer, as a special envoy to the debtor nations for the purpose of assuring their fulfillment of their signed and sealed agreements with America to pay their debts in the manner specified in the agreements. There can be no question as to the qualifications of Mr. Griffin for this mission. His qualifications are set out in detail in my resolution.

Since the introduction of my resolution many distinguished Members of Congress have expressed, in interviews with the public press, their high opinion of Mr. Griffin's capabilities and enlightened patriotism and have warmly advocated his appointment as a special war-debt envoy. Statements regarding Mr. Griffin have been made by many. Among them are many of my colleagues in the Senate, including the Senator from Nevada [Mr. McCARRAN], the Senator from Tennessee [Mr. McKELLAR], the Senator from North Dakota [Mr. NYE], the Senator from Maryland [Mr.

RADCLIFFE], the Senator from Georgia [Mr. GEORGE], the Senator from Delaware [Mr. TOWNSEND], the Senator from Pennsylvania [Mr. DAVIS], the Senator from Colorado [Mr. ADAMS], and many Members of the House, including the Speaker thereof [Mr. BANKHEAD], and the minority leader [Mr. MARTIN]. To my mind the resolution calling for the designation of a special war-debt envoy is of such national importance that it should be acted upon at the earliest possible moment. I bespeak immediate consideration thereof, Mr. President.

Altogether apart from the enormous sums involved, amounting to \$13,000,000,000, there is another vital matter at stake in the collection or noncollection of the debts. Mr. President, we hear much nowadays on both sides of the Atlantic concerning the sanctity of treaties and international good faith. It is the utter disregard for the sanctity of treaties and international good faith which animates so many of the Old World countries and which is at the bottom of the terrible ills from which the world today unquestionably is suffering. Our European war debtors, led by England and France, were the first in the post-war days to set an example of total disregard of the sanctity of treaties and international good faith when they decided to defraud Uncle Sam of the billions of dollars he loaned them when their backs were to the wall; and if we do not insist upon the payment of these debts we will place an unheard-of premium on international dishonesty.

Mr. LUNDEEN. Mr. President, will the able Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. In that connection I should like to remind the Senator of the resolution introduced by the minority leader, the Senator from Oregon [Mr. McNARY], and the Senator from Massachusetts [Mr. LODGE], which proposes to acquire essential war materials to apply on the payment of the debt.

Mr. REYNOLDS. By the way, if the Senator will pardon me for interrupting, I think the able senior Senator from Wisconsin [Mr. LA FOLLETTE] likewise introduced a resolution of that description several weeks ago. I see the Senator from Wisconsin in the Chamber. That is why I mention the matter at this particular time.

Mr. LUNDEEN. I thank the Senator. I was not aware of that fact. It is a very great credit to the able Senator from Wisconsin that he has introduced a resolution along that line.

Mr. REYNOLDS. In that connection I will say to the Senator that I have had in mind the introduction of a similar resolution.

Mr. LUNDEEN. I hope the distinguished and able Senator from North Carolina will do likewise, as he suggests.

Mr. REYNOLDS. I am in thorough accord with that suggestion.

Mr. LUNDEEN. It seems to me there is one very logical, sensible method of obtaining at least a partial payment. I am now making a survey of certain islands on the west coast of the Panama Canal Zone, within a certain circumference which would be within striking distance of bombing planes. I have some information from the War Department in that connection. I find that the French have an island in that vicinity which we could well use; and certain other islands can be acquired by negotiation and purchase. It seems to me that the resolutions which have been introduced looking to the acquirement of essential war materials in payment of the debts are really in the nature of defense measures.

Mr. REYNOLDS. Certainly.

Mr. LUNDEEN. Such measures would serve the Treasury of the United States and save the taxpayers' money. Why not think of American taxpayers once in a while instead of always weeping on the shoulders of Great Britain and France? Other and debtor nations have great quantities of rubber, of bauxite, which is used in the manufacture of aluminum, and of other essential materials that we should have. Let them turn such materials over to our country, and we will give them credit on the debts.

Mr. REYNOLDS. The Senator is quite correct. In that connection I remind the Senator at this time that not so

long ago this body passed a bill pertaining to essential war materials which we do not have in this country, to the extent of requiring an appropriation of \$100,000,000.

I have suggested, and later in my argument here today shall again suggest, that the debtor countries be provided the opportunity of liquidating, at least in part, their obligation to us in tin and in rubber and in nickel, materials of which we are not possessed in this country; and if they would do that, it would not affect the production or sale of anything of that sort that we have here in the United States.

Mr. President, it is imperative to compel the payment of these defaulted billions. The time has arrived when we must demand payment. The matter now has reached such a stage that it is absolutely necessary for us to send a special envoy to Europe to set the collection wheels turning and assure that they will keep turning until they have ground out the very last cent due the taxpayers of your State of Oklahoma and the taxpayers of all the other States of the Union.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. REYNOLDS. I am glad to yield?

Mr. LUCAS. I am in full sympathy with what the Senator wants to do so far as the debts are concerned. The Senator says the time has come when we should demand payment of the debts. After we make the demand, however, if nothing is done, what are we going to do?

Mr. REYNOLDS. There are many things we could do. As a matter of fact, if Great Britain refused to pay her war debts, in my humble opinion we could seize properties in the United States today belonging to Great Britain or belonging to any of the British people. In addition to that, the British are possessed of considerable wealth in the neighborhood of the United States, and we could bring about considerable embarrassment in that connection. I will say to the Senator from Illinois that if we should demand payment of the moneys which the British Government owes the taxpayers of the United States and should let the British governmental representatives know that we meant business, in the fix that they are now in they would not dare deny payment.

Mr. LUCAS. Am I to understand the Senator now to advocate the seizure of certain properties nearby which belong to England in the event they should refuse to pay their debt?

Mr. REYNOLDS. Not at all; I do not advocate that.

Mr. LUCAS. But I understood the Senator, in his previous remarks to me, to say that that could be done when I asked him, after a demand was made, if there should be a refusal to pay or no evidence of any bona fide intention to pay, what this country would do toward the collection of the debt.

I want to collect the debt just as badly as does the Senator from North Carolina; but I am wondering what vehicle the Senator from North Carolina is going to use in case the demands are refused.

Mr. REYNOLDS. I will say to the Senator that we shall never reach that stage. As I said a moment ago, if we let Great Britain know that we mean business, and that we in this country need the \$13,000,000,000 that is due us to take care of our millions of unfortunate people who are out of employment and who are dependent upon the Government of the United States to care for them, Great Britain will liquidate that obligation. We know that Great Britain has the money with which to pay us. We know that she is possessed of the gold with which to pay us, because Great Britain is constantly making loans to various other countries of the world, and spending billions upon billions for armaments in preparing for another war to preserve her empire; but, unfortunately, she is not sufficiently grateful to pay the American people the amounts that she borrowed and that we loaned to her during the trying days of the World War, from 1914 to 1918, when she was participating in that conflict.

Mr. LUCAS. Can the Senator tell me the last time Great Britain made any payment on this obligation?

Mr. REYNOLDS. It has been many years. I do not exactly recall.

Mr. LUCAS. Does the Senator agree with me that we can judge the future only by the past, and that if the British

have not paid any of this indebtedness in the past, and they have all of this property with which to pay, a mere demand by this country is not going to cause them to pay?

Mr. REYNOLDS. I will say to the Senator that I do not believe England has any intention of paying her war debt. Some of the men highest in authority in Great Britain have said that they do not owe us anything; that as a matter of fact we did not do them any good. They have said that if we had not sent our forces over there, they would have settled the war in 1917. Some men high in authority in Great Britain have said that we really were injurious to them, and that if we had not gotten into the war millions of lives would have been saved.

I am very happy the Senator mentioned that matter, because I am going to bring to the attention of the Members of this body a conversation which took place between an American citizen and some of those in authority in Great Britain. I will say to the Senator that I do not believe the British have the slightest intention upon earth of paying us. I say that, first, as a result of the fact that I have been advised of conversations that took place between an American citizen and those in high authority in Great Britain; and, in the second place, because the British are possessed of more wealth than perhaps any other nation upon the face of the earth outside of our own United States, and yet they have never evidenced the slightest desire or inclination to make payment of this obligation, which the Senator from Illinois most certainly agrees with me is due.

Mr. LUCAS. If the Senator will further yield, in view of his last statement that he believes England never intended to pay the debt, what good can be accomplished by sending to England this Ambassador of good will, so to speak, for the purpose of trying to collect it?

Mr. REYNOLDS. There are many times when one who is indebted to another does not pay, and does not really interest himself in making an endeavor to liquidate an obligation, so long as he receives perfumed notes such as were mentioned a moment ago by the Senator from Minnesota [Mr. LUNDEEN], but when the creditor's lawyer gets after him, and then when finally the sheriff knocks on the door, and the debtor knows that the creditor means business, the debtor wakes up and makes an earnest effort to liquidate at least a portion of the obligation.

Mr. LUCAS. I can appreciate the sheriff's knocking on the door in the case of a private obligation between two citizens of this country; but the point I am trying to ascertain from the distinguished and able Senator from North Carolina who is constantly talking upon this question—and I think it is a very good thing for the country—is what the Senator from North Carolina and the Senator from Minnesota are going to do about this matter in the final analysis if England and the other defaulting nations continue to refuse to pay their obligations.

Mr. REYNOLDS. Before we ascertain what procedure we shall take, I think first we should let those in high authority in the debtor nations at least know that we mean business. As a matter of fact, according to my recollection, we have never proposed to them that they deliver or arrange to deliver to us any part or portion of any lands they have in the Western Hemisphere in part payment of their indebtedness.

Mr. LUCAS. It would be fine if they would do that. We could use these islands, of course, or any of the lands that belong to England, as part payment, perhaps; but suppose they say, "No; we are not going to do it"?

Mr. REYNOLDS. Let us not make that supposition until after we have made the request. Let us first ascertain whether or not the debtor nations are really desirous of evidencing their appreciation and demonstrating their honesty by complying with the request. In that connection, I desire to make particular mention of another matter at this time, in view of the fact that the subject was broached a moment ago by the Senator from Minnesota [Mr. LUNDEEN]. He mentioned the fact that Great Britain is the possessor of some islands just beyond gun range of the Panama Canal. In addition to that, as the Senator knows, she owns British

Honduras. In addition to that she has a number of islands strung through the West Indies, beginning at Port of Spain, the capital of Trinidad, and reaching around the arc of the West Indies by way of Martinique and the Virgin Islands, Puerto Rico and Haiti, and over to Cuba. She has land there that we want. We have had some discussion upon the floor of the Senate, we have seen much in the columns of the press almost daily, in reference to our national-defense program, in reference to the suggestion that we fortify the circle in order that we may well assure the safety of the entrance to and the locks of the Panama Canal from the Atlantic.

By the way, I might mention something which to my mind is just as important as that. Great Britain owns, within an hour's travel by airplane from Miami, Fla., the islands of Bimini and Nassau; and from there it is only an hour and a half more by plane until we reach the island of Bermuda, the capital of which is Hamilton. Hamilton is a distance of only 500 miles directly east of the coast of North Carolina. I have heretofore suggested that England might be prevailed upon to bring about the transfer of that piece of property to us; and we would be particularly interested in that, for the reason that 95 percent of all the revenue derived by the Government of Great Britain through its capital and seaport of Hamilton comes out of the port of the city of New York; whereas, as the Senator from Indiana [Mr. MINTON], who is present this afternoon, knows, Bimini and Nassau are only a few miles off the coast of Florida.

We do not want to be rude about the matter, we want to be as gracious as we possibly can be; we do not desire to incur any ill feeling if it can be avoided; but let us seriously ask if they would be willing to make transfer of some of this property in the Western Hemisphere which we really need.

In addition to that, of course they might be able to make some arrangement about Newfoundland. There are a couple of islands just north of Newfoundland, and the French also have possessions in the Western Hemisphere.

I shall in a moment bring to the attention of this body some very interesting conversations which took place between an American citizen and officials high in authority in England.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I wish to call attention to the fact that the British did pay something up until about 1931.

Mr. REYNOLDS. I do not remember the date of the last payment.

Mr. LUNDEEN. The records of the Debt Commission will show. What we ask them to do now is to resume payments. They did pay some. Let them resume or have they been told they do not need to pay any more? If so, who told them that?

Mr. REYNOLDS. The data I have do not cover the last interest payment.

Mr. LUNDEEN. Why did they stop? Did some one say, "It is all right; it can ride along for a while, and we will not ask you for it"? Is that what happened? Why did we suddenly become so mellow and so kindly and so gentle with this great, huge, warlike empire, upon which the sun never sets, but which has not paid its debts in recent years?

Mr. REYNOLDS. Is there any reason why we should not ask them to pay? Is there any reason why we should not knock at their door every day and request payment?

Mr. MINTON. Mr. President, will the Senator from North Carolina yield?

Mr. REYNOLDS. I yield.

Mr. MINTON. As I have understood the Senator from North Carolina and the Senator from Minnesota, they are advocating taking over the islands they have mentioned. Has it not been our experience that the islands we now have are a liability instead of an asset?

Mr. REYNOLDS. I quite agree.

Mr. MINTON. Then why does the Senator want to have us take on some more?

Mr. REYNOLDS. Our naval authorities and others interested in national defense have suggested that we should erect fortifications, particularly in that area of the Atlantic, which

would provide greater and better protection for the eastern entrance to the Panama Canal.

Mr. LUNDEEN. Mr. President, will the able Senator kindly yield further?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I have frequently been met with this statement, "What do you want with those sand bars out there in the West Indies?" Now, I am making an exhaustive research into the resources of these islands of the West Indies, and, with the permission of the Senate, I shall at a later date be glad to present the record of the untold resources of these islands. I cannot hope to give a complete picture of their resources, but at least in part I hope to do so. For instance, in Trinidad there is an inexhaustible asphalt mine. We have recently heard about that in connection with paving matters here in Washington. For a hundred years those operating that mine have taken that substance out of the earth, and it just wells right up to the same level, and, so far as anyone knows, this material, no matter how much is taken out for a thousand years to come, will remain at the same level.

Just today I cut an article out of a paper in which it is stated that the island of Saba, a small island in the West Indies, contains the only pure sulfur mine in the world.

The only pure sulfur mine in the world is on the strange island of Saba, lying south of the Virgin Islands. Saba is a volcanic cone rising from the sea. Eight hundred steps lead up from the beach to the town, curiously called the Bottom, and peopled by an isolated community of thrifty Dutch, who construct seaworthy sloops inside the crater and lower them over the rocks to the sea.—Carl Kulberg.

Consider Bermuda, for instance. Is there any greater tourist point in the Western Hemisphere than Bermuda? Is that not a gold mine in itself? And its American money that pours in there in an ever-increasing tide.

The fishing grounds of the West Indies are world famous and may well prove to be inexhaustible—from the same source I include the following clipping—

The Atlantic Ocean off the Bahama Banks is often less than 30 feet deep and the unusual transparency of the water reveals many sea denizens. About 100 miles north of Puerto Rico is Nares Deep, the deepest known spot—27,972 feet.

Mr. REYNOLDS. What about Jamaica?

Mr. LUNDEEN. Of course. The distinguished Senator is more traveled than I, and is more familiar with these things, but I am somewhat familiar with them. Would anyone think of turning back Puerto Rico? We recently appropriated hundreds of millions of dollars for the fortification of Puerto Rico. Would anyone think of turning back the strategic Virgin Islands, 100 miles farther east than Puerto Rico? Would anyone want to relinquish the protectorate which we have over Cuba? Though that is a free country, yet there is an American protectorate over it, and we would not permit any foreign foe to come there, or any European flag to fly over that great island.

These islands are possessed of great resources, and it is about time that the American people got the information that here are great resources right at our front doorstep, and here we have the finest and best air bases. From Bermuda an enemy nation can strike Baltimore, New York, Philadelphia, or any of the west coast cities within 2 or 3 hours with their bombers. We should have Bermuda as our base. It should be American. It should not be under a foreign flag. It is an American island, and it is and of a right ought to be American.

Mr. REYNOLDS. Let me say to the Senator, in reference to the value of these islands, that, according to my recollection, during the course of the World War the United States paid \$25,000,000 for the Virgin Islands, and we would not sell them at any price now, because we desire to fortify them. I thank Senators for their kind inquiries and contributions. If we do not insist upon payment of these debts, we will place an unheard-of premium on international dishonesty.

It is imperative to compel the payment of these defaulted billions of dollars. The matter has now reached a stage where it is absolutely necessary to send a special envoy to Europe to collect the debts.

I wish to call particular attention to a statement by the President of the United States himself. Five years ago the President said concerning the war debts:

These obligations furnished vital means for the successful conclusion of a war which involved the national existence of the borrowers, and later for a quicker restoration of their normal life after the war ended.

The money loaned by the United States Government was in turn borrowed by the United States Government from the people of the United States; and our Government, in the absence of payment from foreign governments, is compelled to raise the shortage by general taxation of its own people in order to pay off the original Liberty bonds and the later refunding bonds.

Mr. LUNDEEN. Mr. President, will the Senator yield again?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. Then I understand that we are raising money by taxation of our American people to support the British Empire right now?

Mr. REYNOLDS. Certainly.

Mr. LUNDEEN. According to the President's own statement.

Mr. REYNOLDS. Not only that; but they are asking that we take all the refugees from all the earth, all those they do not want in their own countries, and feed them, when there are millions here who are hungry. The President of the United States stated that one-third of our people are undernourished, ill-housed, and improperly clothed. The President continued:

It is for these reasons that the American people have felt that their debtors were called upon to make a determined effort to discharge these obligations. The American people would not be disposed to place an impossible burden upon their debtors—

And we would not—

but are nevertheless in a just position to ask that substantial sacrifices be made to meet these debts.

That is what the President of the United States said in particular reference to the subject I have under discussion at this time. The President continued—and this was 5 years ago:

We shall continue to expect the debtors on their part to show full understanding of the American attitude on this debt question. The people of the debtor nations will also bear in mind the fact that the American people are certain to be swayed by the use which debtor countries make of their available resources—whether such resources would be applied for the purposes of recovery as well as for reasonable payment on the debt owed to the citizens of the United States, for the purposes of unproductive nationalistic expenditure, or like purposes.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. BRIDGES. The mere fact that the President of the United States, Mr. Roosevelt, made certain statements 5 years ago, would not be any indication that he believes those statements or would stand by them today, would it?

Mr. REYNOLDS. I beg the Senator's pardon?

Mr. BRIDGES. The Senator was referring to some statements made by the President of the United States, Mr. Roosevelt. My question was, judging from our experience, is it the opinion of the Senator, simply because Mr. Roosevelt, President of the United States, made those statements 5 years ago, that would be an indication that he believed them or would stand by them today?

Mr. REYNOLDS. I will say to the Senator from New Hampshire that the President of the United States made those statements then, and I am sure that the President of the United States would today stand by the same statements he then made. But that would be no indication of the fact that the President of the United States is not desirous that Great Britain should pay her war debts. As a matter of fact, I am thoroughly and firmly of the opinion

that the President of the United States is just as desirous of collecting the honest debts that are due to the taxpayers of America as is the Senator from New Hampshire or as I am, if I may say so.

Mr. BRIDGES. My answer to the Senator is that from my personal observation of the President of the United States and his very shifting positions, I would not be at all sure that the fact that he said something 5 years ago would be any indication that he believed the same way today. I should think that he might have changed several times in the meantime, and perhaps may have a wholly different view today.

Mr. REYNOLDS. As a matter of fact, the President of the United States is but human, like the Senator and myself, and conditions change. Many times have I changed my position, and I am convinced that the Senator will agree with me that many times he has changed his position. The position depends entirely upon the shifting of sands, and time has a great deal to do with the shifting of sands.

Mr. BRIDGES. I believe a person should change to meet conditions, but the President for one seems to me personally to be able to shift even faster than conditions shift.

Mr. REYNOLDS. In what particular respect does the Senator mean?

Mr. BRIDGES. In about every respect that I have observed. For instance, on fiscal policies.

Mr. REYNOLDS. I cannot recall at this time any instance in which the President of the United States has shifted without due cause, or for perfect reason, I may say.

Mr. BRIDGES. I did not want to embarrass the Senator in that respect, but I should recall that the President was elected on a platform of economy, and that he took the position that there should be a 25-percent reduction in expenditures, and so on, and it seems to me that he has shifted greatly from that position.

Mr. REYNOLDS. I may say to the Senator that when the President of the United States took office in March 1933, conditions thereafter immediately changed. We had been going from bad to worse, and when the present President of the United States took office he found millions upon millions of unfortunate men and women who were undernourished and improperly clothed, and he found suffering and misery on every hand. Being the great humanitarian that we have found him to be, he endeavored as best he could, as all Americans have endeavored as best they could, to find jobs for those unfortunate people who were not able to find jobs. Industry had not been able to provide them with employment. We had been in a depression, as the Senator recalls, many years before the President took office, a depression which began in October 1929, and I will say to the Senator that the President's position has never shifted from the time he took office in March 1933 up to the present time insofar as being interested in the unfortunate men and women of this country.

Mr. President, I am sure the Senator will go along with me and vote money out of the Treasury of the United States so long as there are empty stomachs to be filled, and so long as there are poor men and women to be cared for.

Mr. BRIDGES. The President probably has not shifted in his feeling toward the unfortunates, but his approach to dealing with those unfortunates has shifted many, many times.

Mr. REYNOLDS. Mr. President, it is my firm conviction that the time for leniency toward our war-debt defaulters has passed. No one can justly say that we have acted like a Shylock. The debtor nations have accused us of being a Shylock. The heart of the whole trouble lies in the fact that our war debtors simply do not wish to pay. And as I stated a moment ago they do not intend to pay. Had they the will to make good they could have made good long ago, and their making good would have been as beneficial to them as it would have been to us. The other day, the outstanding economist, M. S. Rukeyser, whose articles are closely studied daily from coast to coast, hit the nail on the head when he affirmed—I quote from the New York Journal-American:

The pivotal excuse for the default has been the difficulty of international transfer of large sums, especially in times of depressed trade. However, the argument that payment can only be made in goods and services, or in gold does not reveal the whole truth. Individuals and financial institutions in Great Britain and France own substantial holdings of American securities, tangible property, and bank balances. If the will to liquidate the war debt existed, this could be accomplished by mobilizing these foreign holdings of American assets and turning them over to the American Treasury, thus obviating the awkward necessity for transfer of colossal sums through the foreign exchange market. The British and French Governments could then reimburse their own nationals in their own currency or internal bonds.

That was the answer I gave a moment ago to the senior Senator from the State of Illinois [Mr. LUCAS] when he made inquiry as to how we could bring about the collection of the debt or any portion thereof.

France, England, and Italy, the leaders in the war-debt defaulters' united front, while brazenly asserting that they have not the wherewithal to meet their indebtedness to us, are making loans wholesale to European countries for political and commercial advantage, as was stated a moment ago by the able Senator from Minnesota, who has just risen, and to whom I gladly yield now.

Mr. LUNDEEN. Mr. President, briefly I wish to say that I wonder if the great Empires of Britain and France are not setting a rather bad example to the little nations or smaller nations who owe us money. There are a score of nations who owe us money, and I imagine in their chancelleries they will say, "Well, Britain and France are not paying. Why should we?" And so the whole debt structure collapses right there.

Mr. REYNOLDS. Certainly they are setting a very bad precedent, because we know by experience that unless the larger nations pay, the smaller nations are not going to make the slightest gesture toward paying.

Mr. President, on June 6, less than 2 weeks ago, the United Press transmitted a news dispatch from London to the United States which stated:

Great Britain has extended substantial new credits to Turkey, it was understood today, since Turkey joined the Anglo-French security front. The sum of \$46,862,500 was mentioned. It was recalled that Britain lent Turkey \$74,980,000 in April 1938.

The temerity of England in carrying out a transaction of this kind less than 2 weeks before the semiannual payment on her war debt to Uncle Sam fell due is beyond the bounds of adequate condemnation.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. Would it be just to say that, so far as the British Empire is concerned, they have said in effect, millions for the Turks, but not a dollar for America?

Mr. REYNOLDS. Righto.

Mr. President, if it were true that our war debtors were unable to liquidate their indebtedness to us in cash, that would not in the least absolve them from the solemn duty of paying us every cent they owe us. England controls the rubber—referring to the subject mentioned a moment ago by the Senator from Minnesota [Mr. LUNDEEN]—the tin, and the nickel supply of the world. The United States is the largest market for these three products. Had Great Britain the will to pay, she could readily make use of these products in the liquidation of her indebtedness to us, as suggested by innumerable resolutions introduced in Congress. The plain truth of the whole situation is that not one of our war debtors is actuated by good faith, and each is determined to defraud Uncle Sam of his war-debt account if Uncle Sam will only permit it.

We are all Americans, whether we are Democrats or Republicans. There is no such thing as Republican Americanism. There is no such thing as Democratic Americanism. It is just plain Americanism. We all love America, and each of us is at all times eager to serve her to the best of his ability. None of us would knowingly wrong his country.

One of the gravest misfortunes which can befall any nation is that of being contemptible in the eyes of the world. Whether

or not we realize it, the United States of America is regarded with supreme contempt throughout the globe as a gullible nation. In order to show the attitude of our war debtors toward us I wish to give the Senate some information which has been given to me by Mr. William Griffin, the editor and publisher of the New York Enquirer. This information startled me, Mr. President. As a matter of fact, I heard about it only about 3 or 4 months ago, when I was talking with him. I am confident that it will startle the Senate.

During a recent trip to Europe, Mr. Winston Churchill, First Lord of the Admiralty in the British Cabinet during the World War, invited Mr. Griffin to call on him at his home in London. During the course of a long visit Mr. Churchill asked what were some of the questions uppermost in the minds of the American people regarding Anglo-American relations. The questions were asked by Winston Churchill of Mr. William Griffin, his American guest. Mr. Griffin told Mr. Churchill that the outstanding issue in the United States that was disturbing Anglo-American relations was England's failure to pay her war debt.

Mr. Churchill then said to Mr. Griffin:

I think that England should pay every single dollar she has borrowed from your country. But before paying in full she should be allowed to deduct half the cost of all the shot and shell she fired at the Germans from the time America declared war until she put soldiers in the front-line trenches over a year later.

Asked if we allowed England to make the deduction in question, how much would it amount to, Mr. Churchill answered:

I was in a position to know just how much it cost England to carry on the war, and, according to my figures, England should be allowed to deduct \$4,900,000,000 from the debt America claims England owes her before a final settlement is made. When you declared war you became partners in war, and therefore your country should be willing to bear its just cost of carrying on the war.

Mr. Griffin then told Mr. Churchill that it was our opinion that America had saved the British Empire from destruction and from overwhelming defeat. Mr. Churchill disagreed with him regarding America's contribution toward winning the war, and stated unequivocally that although he was enthusiastic over our declaration of war, he could now see that it was all a horrible mistake, and that we should have stayed at home and attended to our own business.

Mr. Churchill said England would not have lost the war, because, said he:

We would have made peace with Germany in the spring of 1917, and by so doing would have saved over a million British and French lives.

As I mentioned a moment ago. Mr. Churchill continued—think of the audacity of this—

America's entrance into the war was disastrous not only for your country but for the Allies as well, because had you stayed at home and minded your own business we would have made peace with the Central Powers in the spring of 1917, and then there would have been no collapse in Russia, followed by communism; no breakdown in Italy, followed by fascism; and nazism would not at present be enthroned in Germany. If America had stayed out of the war and minded her own business, none of these "isms" would today be sweeping the Continent of Europe and breaking down parliamentary government.

Now, Mr. President, let us turn to Mr. Lloyd George, wartime Prime Minister of England.

The former British Prime Minister explained to Mr. Griffin, while Mr. Griffin was his guest, that the United States could have brought an end to the World War without sending a single soldier to France, a single ship to the North Sea, or a single airplane to the western front, or, for that matter, spending a single dollar in Europe for war purposes. Said Mr. Lloyd George:

When the World War broke out in 1914 Theodore Roosevelt advocated that the United States raise and equip a standing Army of 1,000,000 soldiers and build the largest and most powerful Navy in the world, and constitute an air force to back up your Army and Navy. If you had adopted that program and had your Army, Navy, and air force ready for war in the summer of 1915 or 1916, and then you had called on the warring nations of Europe to sit down around the council table and talk peace, we would have acceded, because we would not have known which side you might plunge in

on, and all the nations in Europe at war would have feared the armed might of America.

In that connection, Mr. President, I wish to take this opportunity to commend the President of the United States and the administration for insisting upon an adequate force of armed men and sufficient supplies of every nature in this country because, in my humble opinion, with strength we shall not experience any difficulty with anybody.

Lloyd George continued:

You went to war with us in 1812 over the freedom of the seas, but I think we offended you just as much by our activities on the high seas during the World War as we did in 1812. On the other hand, the Germans also offended you by their submarine warfare, which resulted in the sinking of a number of American flag ships.

President Albert Lebrun, of France, received Mr. Griffin in the Elysee Palace in Paris and told him that he was always glad to welcome an American to his country because Americans seemed to realize the vast debt that their country owed the great Republic of France. He was sure, he added, that France was the best liked of all the European countries in America, and that it would be impossible for anyone to travel from one end of America to the other and find a person who had any reason to be critical of his country, France.

Lebrun was told America felt that France should pay its war debt to the United States. Lebrun, who had been seated at his desk, bounded out of his chair and declared that France's war debt to America would never be paid, and said that the fact that France was not paying her war debt was all the fault of former President Hoover. He pounded the desk and stated that in 1931 Mr. Hoover, in order to prevent a collapse in Germany—and that was the last year, according to my recollection, in which England made any payment upon the debt—had asked the Allies to grant Germany a moratorium for 1 year on reparations payments, and had agreed that if they would do so the United States would grant them a moratorium on their war-debt payments. President Lebrun declared:

Surely, the United States wouldn't expect us to continue payments on our war debt if we in turn couldn't collect from Germany.

Mr. President, as you know and as we all know, there is a vast difference and distinction between debts of that sort from Germany and the war debts which the Allies contracted with the United States. One is liquidation of damages. The war debts due to the United States represent cash actually loaned by the taxpayers of the United States of America, who are bearing the burden of the payments which are now due.

Mr. LUNDEEN. Mr. President, will the Senator yield for a brief statement?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. I should like to have the RECORD show at that point the position of Andrew Jackson in regard to the collection of the French war debt of 1800, resulting from an undeclared war which we fought with France at that time. I had the privilege of addressing the Senate two or three times on that subject. That is one of the greatest state papers ever written in the messages and papers of American Presidents.

Instead of holding so many banquets in honor of Andrew Jackson and then failing to follow his doctrines and policies, I wish that at these banquets some of his state papers would be read, and that after the banquet was over we would see the administration follow the policies that Andrew Jackson laid down.

Mr. REYNOLDS. In reference to the paper which has just been mentioned by the Senator, I should be very grateful to the Senator if he would be good enough to bring about the insertion in the RECORD of that particular document, in order that the American people may know the action which Andrew Jackson threatened to take at the time France would not pay.

Mr. LUNDEEN. With the Senator's permission and the Senate's permission, I shall be very glad to do so.

Mr. REYNOLDS. I thank the Senator.

The PRESIDING OFFICER. Without objection, that order will be made.

The matter referred to is as follows:

[From the Congressional Record of June 9, 1933, p. 5511]

ANDREW JACKSON, AMERICAN, AND THE FRENCH DEBT—FAILURE OF FRANCE TO PAY AMERICA INSTALLMENTS DUE ON WORLD WAR AND POST-WORLD WAR DEBTS RECALLS STERN, SUCCESSFUL MEASURES TAKEN BY "HICKORY"

MR. LUNDEEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection the gentleman is recognized for 1 minute.

There was no objection.

MR. LUNDEEN. Mr. Speaker, there has been a great deal of discussion about how to handle our foreign debts—the French debts and other debts. I ask unanimous consent to revise and extend my remarks to show the wonderful statesmanlike manner in which Andrew Jackson, a real fighting American and a great Democrat, handled a similar situation in his time. [Applause.]

The SPEAKER pro tempore. Without objection, it is so ordered. There was no objection.

MR. LUNDEEN. Mr. Speaker, before the years 1800–1817 a series of unprovoked aggressions upon our commerce was authorized and sanctioned by the Government of France, most of which occurred during the time that Napoleon was conducting his many wars, and particularly his wars against England. There is a striking parallel between the aggressions on our commerce at that time and the aggressions committed on our commerce by the contending parties in 1914, 1915, 1916, and 1917, during the World War; the only difference being a matter of degree, and the fact that lives were lost by reason of the aggressions during this last war.

Our Government during this terrific struggle between the Government of France, headed by Napoleon, and the other European countries, took the attitude that any damage to our commerce or injury that we received by reason of said war could be adjusted after the war was over. As a result, at the conclusion of these wars our Government insisted that the French Government pay for these wrongs perpetrated upon our commerce; and after considerable negotiations a treaty between our Government and the French Government was concluded and signed, on the 4th day of July 1831, by which it was stipulated and set forth as stated in President Jackson's message to Congress, December 1, 1834, that—

"The French Government, in order to liberate itself from all reclamations preferred against it by citizens of the United States for unlawful seizures, captures, sequestrations, confiscations, or destruction of their vessels, cargoes, or other property, engages to pay a sum of 25,000,000 francs to the United States, who shall distribute it among those entitled, in the manner and according to the rules it shall determine."

According to this treaty the French Government was to pay this 25,000,000 francs in six annual installments of 4,166,666 francs and 66 centimes each—

"The first installment to be paid at the expiration of 1 year next following the exchange of the ratification of this convention, and the others at successive intervals of a year, one after another, till the whole shall be paid. To the amount of each of the said installments shall be added interest at 4 percent thereupon."

This treaty was duly ratified by both parties, and the ratification was exchanged at the city of Washington on February 2, 1832.

Jackson in his message goes on to say:

"No legislative provision has been made by France for the execution of this treaty, either as it respects the indemnity to be paid or the commercial benefits to be secured to the United States."

* * * Advice of the exchange of ratifications reached Paris prior to April 8, 1832. The French Chambers were then sitting, and continued in session until the 21st of that month, and although one installment of the indemnity was payable on February 2, 1833, 1 year after the exchange of ratifications, no application was made to the Chambers for the required appropriation; and in consequence of no appropriation having then been made, the draft of the United States Government for that installment was dishonored by the Minister of France, and the United States thereby involved in much controversy.

"The next session of the Chambers commenced on November 19, 1832, and continued until April 25, 1833. Notwithstanding the omission to pay the first installment had been the subject of earnest remonstrance on our part, the treaty with the United States and a bill making the necessary appropriations to execute it were not laid before the Chamber of Deputies until April 6, nearly 5 months after its meeting, and only 19 days before the close of the session. The bill was read and referred to a committee, but there was no further action upon it."

"The next session of the Chambers commenced on April 26, 1833, and continued until June 26 following. A new bill was introduced on June 11, but nothing important was done in relation to it during the session."

"In the month of April 1834, nearly 3 years after the signature of the treaty, the final action of the French Chambers upon the bill to carry the treaty into effect was obtained, and resulted in a refusal of the necessary appropriations."

"The refusal to vote the appropriation, the news of which was received from our Minister in Paris about the 15th day of May last (1834), might have been considered the final determination

of the French Government not to execute the stipulations of the treaty, and would have justified an immediate communication of the facts to Congress, with a recommendation of such ultimate measures as the interest and honor of the United States might seem to require. But with the news of the refusal of the Chambers to make the appropriation were conveyed the regrets of the King and a declaration that a national vessel should be forthwith sent out with instructions to the French Minister to give the most ample explanations of the past and the strongest assurances for the future. After a long passage the promised dispatch vessel arrived. The pledges given by the French Minister upon receipt of his instructions were that as soon after the election of the new members as the charter would permit the legislative chambers of France should be called together and the proposition for an appropriation laid before them; that all the constitutional powers of the King and his cabinet should be exerted to accomplish the object; and that the result should be made known early enough to be communicated to Congress at the commencement of the present session."

The French Government of 1834 had the decency to apologize for its failure to pay an obligation.

Andrew Jackson, relying upon these pledges, did not communicate the above facts to Congress, relying, as he did, upon the assurances of the French Government. In this message of December 1, 1834, Andrew Jackson goes on to say:

"I regret to say that the pledges made through the Minister of France have not been redeemed. The new Chambers met on July 31 last, and although the subject of fulfilling treaties was alluded to in the speech from the throne, no attempt was made by the King or his cabinet to procure an appropriation to carry it into execution."

Andrew Jackson then makes this emphatic assertion:

"The idea of acquiescing to the refusal to execute the treaty will not, I am confident, be for a moment entertained by any branch of this Government, and further negotiation upon the subject is equally out of question."

And then Andrew Jackson goes on to say:

"Our institutions are essentially pacific. Peace and friendly intercourse with all nations are as much the desire of our Government as they are the interest of our people. But these objects are not to be permanently secured by surrendering the rights of our citizens or permitting solemn treaties for their indemnity, in cases of flagrant wrong, to be abrogated or set aside."

Andrew Jackson was not a man who indulged in fine speech, but when he was through speaking no one could doubt the meaning of his words. For example, he goes on to say:

"There is but one point in the controversy, and upon that the whole civilized world must pronounce France to be in the wrong. We insist that she shall pay us a sum of money which she has acknowledged to be due, and of the justice of this demand there can be but one opinion among mankind."

And a few sentences later in his message he said:

"It is my conviction that the United States ought to insist on a prompt execution of the treaty, and in case it be refused or longer delayed, take redress into their own hands. After the delay on the part of France of a quarter of a century in acknowledging these claims by treaty, it is not to be tolerated that another quarter of a century is to be wasted in negotiating about the payment. The laws of nations provide a remedy for such occasions. It is a well-settled principle of the International Code that where one nation owes another a liquidated debt which it refuses or neglects to pay the aggrieved party may seize on the property belonging to the other, its citizens, or subjects sufficient to pay the debt without giving just cause of war. This remedy has been repeatedly resorted to and recently by France herself toward Portugal, under circumstances less unquestionable."

And, then, listen to the American attitude of a real American when he says:

"Since France, in violation of the pledges given through her Minister here, has delayed her final action so long that her decision will not, probably, be known in time to be communicated to this Congress, I recommend that a law be passed authorizing reprisals upon French property in case provision shall not be made for the payment of the debt at the approaching session of the French Chambers. Such a measure ought not to be considered by France as a menace. Her pride and power are too well known to expect anything from her fears and preclude the necessity of a declaration that nothing partaking of the character of intimidation is intended by us. She ought to look upon it as the evidence only of an inflexible determination on the part of the United States to insist on their rights. That Government by doing only what it has itself acknowledged to be just will be able to spare the United States the necessity of taking redress into their own hands and save the property of French citizens from that seizure and sequestration which American citizens so long endured without retaliation or redress. If she should continue to refuse that act of acknowledged justice and, in violation of the law of nations, make reprisals on our part the occasion of hostilities against the United States, she would but add violence to injustice, and could not fail to expose herself to the just censure of civilized nations and to the retributive judgments of Heaven."

"Collision with France is the more to be regretted on account of the position she occupies in Europe in relation to liberal institutions, but in maintaining our national rights and honor all governments are alike to us."

The result of this message to Congress was the cause of great excitement in France, and the French Government, instead of acknowledging that they were in the wrong and offering to make amends to pay the debt which they had solemnly declared to be due under the treaty, dispatched war fleets to the coasts of the country, and bills were introduced in the French Chambers for increased military activity, looking to war with the United States. In other words, France was on the point of going to war with the United States over 25,000,000 francs rather than pay her honest and acknowledged obligation. However, we had in the White House a man who not only was a real American but one who could not be frightened even in the early days of this Republic by the power and majesty of the French Government.

Without going into further details of this controversy, the firm American attitude of Andrew Jackson resulted in the full payment by the French Government of this obligation within a very short time, and without any war, and the net result was a greater respect for the American Republic on the part of the French Government than they had ever entertained before. It might also be added that during the Jackson administration the American Government had money coming from Denmark, from Spain, from the Two Sicilies, and that Jackson in each and every case insisted on the prompt payment of these obligations; and when he left the Presidency, every foreign debt due the United States had been paid in full with the exception of Portugal's, which was paid in 1851.

It might also be added that during the Revolutionary War France loaned the United States \$8,000,000, and when the treaty of peace was signed in Paris, September 3, 1783, the French demand for a payment of this debt reached the United States before news of the signing of the treaty of peace reached our Government. Our American forefathers did not in reply plead poverty, did not shout to high heaven that they had just emerged from a 7-year war in defense of human liberty, and ask for "funding" of the debt on ability to pay. They paid in full and with interest.

France must be taught the lesson in 1933 that a debtor who refuses to pay should be treated accordingly; that we Americans refuse to assume any more of her financial obligations to enable her to strut before the world the most militaristic nation on earth, spending over \$500,000,000 a year on armaments, while she has the second largest gold reserve in the world. She must be taught that breaking treaties and solemn obligations is just as dishonorable when perpetrated by France as when indulged in by any other nation; that dishonor is dishonor; that repudiation is repudiation. She must be taught that we have too high a regard for France herself to permit her in such a high-handed manner to flaunt the solemn obligation of her Government; and, lastly, she must be taught that we still believe what Jackson so forcibly said, that "in maintaining our national rights and honor all governments are alike to us." [Applause.]

Mr. Speaker, ladies and gentlemen of the House, let me quote again from Jackson's fourth annual message. Speaking of keeping out of the quarrels of Europe, he said:

"Nor have we less reason to felicitate ourselves on the position of our political than of our commercial concerns. They remain in the state in which they were when I last addressed you—a state of prosperity and peace, the effect of a wise attention to the parting advice of the revered Father of his Country on this subject, condensed into a maxim for the use of posterity by one of his most distinguished successors—to cultivate free commerce and honest friendship with all nations, but to make entangling alliances with none. A strict adherence to this policy has kept us aloof from the perplexing questions that now agitate the European world and have more than once deluged those countries with blood. Should those scenes unfortunately recur, the parties to the contest may count on a faithful performance of the duties incumbent on us as a neutral nation, and our own citizens may equally rely on the firm assertion of their neutral rights."

Andrew Jackson's two terms as President of the United States covered the period from March 4, 1829, to March 4, 1837, and Europe, always on the brink of war, was in a dangerous frame of mind then, as now.

Having followed in the footsteps of the Washington-Jefferson policy, Andrew Jackson was able to say in his fifth annual message, December 3, 1833:

"A large balance will remain in the Treasury after satisfying all the appropriations chargeable on the revenue for the present year." Jackson, in his sixth annual message, declared the country "free from public debt, at peace with the world."

Mr. REYNOLDS. Mr. President, France will not pay us, she says, until she collects from Germany; but France has loaned billions of francs to Czechoslovakia, Poland, Hungary, Greece, Yugoslavia, Russia, and many other European countries. The truth about the matter is, I think, that France has loaned to Poland more money than has been loaned to Poland by any other country in the world; and France has loaned great sums to Yugoslavia, because the French were expecting to experience the present difficulty with Germany; and France loaned these countries money for fortifications and for arms. If this money had been applied on the American war debt, it would have made

a fine impression in the United States, as I related in the outset was stated to me by a taxi driver a few days ago when I was motoring up to the Capitol.

Mr. Griffin told me that as he was leaving President Lebrun remarked:

Of course we are doing a great deal for Americans, and I know from their expressions of appreciation that they feel indebted to us for the way we honor them.

Lord Robert Cecil, president of the League of Nations Union and Minister of Blockade in the British Cabinet during the World War, told Mr. Griffin during a long talk he had with him in Paris that he felt absolutely certain of American cooperation with England in the next European war. When the war debts were brought up, Lord Cecil said that in his opinion they would never be paid. Said he:

Your Government has the legal right to demand payment of the war debt you claim England owes the United States, but you certainly haven't any moral right to the money. Furthermore, if England paid the United States, it would upset international exchange.

Do you think—

Inquired by Mr. Griffin—

that you could use your influence toward having the British Government offer to give us Bermuda, British Honduras, and other territory it controls, including naval bases in the West Indies, to apply on the war debt?

That subject was discussed here a few moments ago by a number of Senators.

Lord Cecil said that he would be opposed to England transferring any of that territory to America, because there are British subjects living in those possessions, and he thought it would be a mistake not only for England but for any country to transfer to another government any territory where it had subjects or citizens. Asked why England took the German colonies after the World War, Lord Cecil replied that that was different, because the Germans were a conquered people.

Talk about honesty, good faith, gratitude, and international peace founded on international justice and good will! As a matter of self-respect, self-interest, and plain common sense, it is surely unnecessary to stress the imperative need of Uncle Sam making those trans-Atlantic superracketeers liquidate their indebtedness and their obligations.

I have told you, Mr. President, about the taxi driver, and the fact that he wants the war debts collected. Besides what he said, which sums up what a number of persons have told me, I have received literally hundreds of letters from over the Nation in the past few weeks, totaling thousands altogether; and I should like to have every American citizen write me his or her opinion about the war debts, and to write every single Member of Congress about the war debts, because I want the people's representatives in Congress to be reminded of what they already know, that the American people are vitally interested in collecting the debts from Europe, in order that that money may be utilized here at home at a time when we need it. Nearly every letter coming in mentions the war debts, Mr. President. The American people are vitally interested in them, and they are somewhat bewildered by the fact that we do not try to collect them. They are honest, God-fearing folks who pay their own bills and know that when they borrow money they have to pay it back. This is the American system. They cannot understand this European system of borrowing from a neighbor's cash box and then thumbing your nose when it comes time to pay back. Every farmer knows that if he mortgages his farm, either the bank or the Government will grab it if he does not pay off.

Look at what the Home Owners' Loan Corporation and the Reconstruction Finance Corporation do when a debtor gets in arrears. They crack down, just like a business house. Is there any logical reason why we should not crack down on our debtors across the seas?

Is it not our obligation and duty as Senators of the United States to look out for America and Americans? Is it not our responsibility to look after our country and our citizens

first? I think it is, and because I think so, I cannot understand this talk about levying new taxes on more of our own people and standing silently by while our foreign debtors default every June 15 and December 15. I cannot understand all this talk about increasing the limit of debt we can pile up in bonds, and not making an effort to collect the \$13,000,000,000 the other nations owe us, and using that money to pay off our Government bonds.

I am convinced that if these war debts were to be collected, a lot of our economic ailments could be cured almost instantly. For example, we hear cried on every hand that the 3,000,000 or so little-business men cannot get working capital because the banks are all stuffed up with Federal bonds. Those bonds earn money while they are lying in the vaults. That is the interest burden the American taxpayers have to pay in our National Budget. If we collected the war debts and paid off those bonds, the banks would have to put that money to work. Currency loafing in a vault does not produce more money. It would be available for the banks to lend to business; to make jobs for the millions of unemployed. Those jobs would do away with W. P. A. and these other necessary relief expenditures. Payment of the war debts would pay the costs of W. P. A. for 10 years.

Mr. LUNDEEN. Mr. President, will the Senator yield?

Mr. REYNOLDS. I yield.

Mr. LUNDEEN. The trouble is, is it not, that for 25 years or thereabouts we have been placing Europe first and America last, and is it not about time that we say "America first and forever"?

Mr. REYNOLDS. I quite agree with the Senator. I think we should turn our eyes homeward. I think we should consider America and its citizens first, and the taxpayers of America are demanding today that we do something about that. We have to have some help. We have to levy taxes so long as conditions remain as they are. We are doing all we can. It is nobody's fault in particular; it is just one of the things that happens, but why cannot we have some help for the taxpayers of the country?

Our Budget could be cut pretty sharply. We spend over a billion dollars a year now in interest charges on the national debt. If we did not have that interest to pay, we could cut that item out of the Budget and we could cut it out of the tax bill we give millions of American citizens and businesses every year. We could also cut out of the tax bill the cost of relief if our men and women had jobs. We tax our people to pay interest on bonds sold to get money to lend Europe—and cannot collect from Europe even the interest.

Our citizens have to pay their tax bill—their debt to this Government—or they will have Uncle Sam's collectors of the Bureau of Internal Revenue knocking on the front door. Let us see if we cannot get Europe to pay its bill to the United States—and send our collector over there to rap on the door. That looks like the only way we will ever get it. We cannot be Santa Claus to the world, because the bag of gifts ultimately will empty. America cannot carry the world forever without collapsing. As rich as we are with God's gifts in resources, the fountain from which all these blessings flow will dry up.

In conclusion, Mr. President, I hope sincerely that some serious consideration may be given to the resolution mentioned by me in reference to the appointment of Mr. Griffin as special war-debt envoy to Europe. Let us send someone to Europe to knock on the door of the debtor nations every hour of the day, if necessary, at least to remind them that we have not forgotten about the debt and that 130,000,000 people in this country who are bearing the burden are expecting relief from those so-called friends across the blue waters of the Atlantic.

INVESTIGATION OF PRODUCTION, TRANSPORTATION, AND MARKETING OF WOOL

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably without amendment Senate resolution 106 and ask unanimous consent for its present consideration.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. AUSTIN. Mr. President, will not the Senator from South Carolina explain the resolution?

Mr. BYRNES. A committee was appointed by the Senate 2 years ago to investigate the wool situation. The resolution now reported carries an authorization of \$3,000 to complete the investigation.

Mr. AUSTIN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 106) submitted by Mr. ADAMS, March 17, 1939, was agreed to, as follows:

Resolved, That the special committee authorized by Senate Resolution 160, Seventy-fourth Congress, agreed to July 10, 1935, to investigate the production, transportation, and marketing of wool hereby is authorized to expend from the contingent fund of the Senate \$3,000 in addition to the amounts heretofore authorized for the same purpose.

STUDY OF THE TELEGRAPH INDUSTRY

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably with an amendment Senate Resolution 95, and I ask for its immediate consideration.

There being no objection, the Senate proceeded to consider the resolution which had heretofore been reported from the Committee on Interstate Commerce with amendments.

The amendments of the Committee on Interstate Commerce were, on page 1, line 3, after the word "industry", to strike out "in the United States"; on page 2, line 2, after the name "Senate", to strike out "as soon as possible" and insert "not later than January 5, 1940"; and in line 6, after the word "industry", to insert "the national defense."

The amendments were agreed to.

The amendment of the Committee to Audit and Control the Contingent Expenses of the Senate to the amendment of the Committee on Interstate Commerce was, on page 2, line 19, after the word "exceed", to strike out "\$25,000" and insert "\$5,000."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

Mr. AUSTIN. Mr. President, I should like to have an explanation of the resolution.

Mr. BYRNES. Mr. President, this is a resolution reported favorably by the Committee on Interstate Commerce, of which the Senator from Montana [Mr. WHEELER] is chairman. It provides for an investigation recommended by that committee, an inquiry in connection with the proposed merger of telegraph companies. The statement made to me by the chairman of the committee is that they are proceeding with the investigation, and that the sum of \$5,000 will be ample to cover the expenses.

Mr. AUSTIN. Does the resolution call for just \$5,000?

Mr. BYRNES. Yes. As reported by the Committee on Interstate Commerce the resolution called for the appropriation of \$25,000. I have the statement of the chairman of the committee that if the resolution is agreed to with an appropriation of \$5,000, it will be satisfactory to him.

The PRESIDING OFFICER. The question is on agreeing to the resolution as amended.

The resolution as amended was agreed to, as follows:

Whereas the telegraph industry plays an important role in the economic life of the Nation and is an arm of the national defense; and

Whereas the telegraph industry is in a precarious financial and economic state and the corporations engaged in such industry are possibly contemplating a merger or consolidation which would result in the creation of a monopoly detrimental to the public, the industry, and labor: Therefore be it

Resolved, That the Committee on Interstate Commerce is authorized and directed to make a thorough and complete study of the telegraph industry, including the economic conditions of the telegraph carriers, their relation to corporations engaged in other forms of communications, and the tendencies toward consolidation and monopoly in such industry. The committee shall report to the Senate not later than January 5, 1940, the results of its study, together with its recommendations for the enactment of any remedial legislation it may deem necessary for the best interests of the public, the industry, the national defense, and labor.

For the purpose of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings; to sit and act at such times and places, either in the District of Columbia or elsewhere, during the sessions, recesses, and adjourned periods of the Senate in the Seventy-sixth Congress; to employ such experts and clerical, stenographic, and other assistants; to require, by subpoena or otherwise, the attendance of such witnesses and the production and impounding of such books, papers, and documents; to administer such oaths; and to take such testimony and to make such expenditures as it deems advisable. The expenses of the committee, which shall not exceed \$5,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

The preamble was agreed to.

INVESTIGATION OF ADMINISTRATION OF J. ROSS EAKIN AS SUPER-INTENDENT OF GREAT SMOKY MOUNTAINS NATIONAL PARK

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 131, submitted by the senior Senator from Tennessee [Mr. McKELLAR], May 16, 1939. I ask unanimous consent for the immediate consideration of the resolution.

Mr. AUSTIN. Mr. President, may we have an explanation?

Mr. BYRNES. Mr. President, this resolution was first referred to the Committee on Public Lands and Surveys. The committee struck out all of the resolution with the exception of the last part, which provides for the conduct of the inquiry and authorizes an expenditure not to exceed \$5,000.

Mr. AUSTIN. I suggest that the resolution go over, so that we may have an opportunity to examine it.

Mr. BYRNES. I have submitted it to the minority members of the committee, and they have no objection; but I have no objection to giving the Senate an opportunity to look into it.

Mr. McKELLAR. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McKELLAR. What will become of the resolution?

The PRESIDING OFFICER. It will be placed on the calendar.

Mr. McKELLAR. I ask the Senator from Vermont if he will not examine the resolution promptly, because I may want to bring it up later tomorrow?

Mr. AUSTIN. I shall try to do so.

The PRESIDING OFFICER. The resolution will go over.

INTERLOCKING BANK DIRECTORATES

Mr. O'MAHONEY. Mr. President, during the call of the calendar last week Senate bill 2150 was reached, and I asked that it go over in order that I might have an opportunity to look into it. The bill was about to be passed, as I recall. The Senator from Vermont at that time indicated that the bill was satisfactory to him. It was introduced by the Senator from Virginia [Mr. GLASS], and has the approval of the Committee on Banking and Currency. I have made my investigation; I withdraw my objection; and I now ask unanimous consent that the bill be considered at this time.

There being no objection, the Senate proceeded to consider the bill (S. 2150) to amend section 8 of the act entitled "An act to supplement laws against unlawful restraints and monopolies, and for other purposes," particularly with reference to interlocking bank directorates, known as the Clayton Act, which was read as follows:

Be it enacted, etc., That section 8 of the act entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes" (38 Stat. 730), approved October 15, 1914, as amended, is further amended by substituting the words "February 1, 1944" for the words "February 1, 1939" in the second paragraph thereof.

Mr. AUSTIN. Mr. President, I have no particular interest in the passage of the bill. I wish simply to have it made clear that I have no objection.

Mr. O'MAHONEY. I understand that the Senator has no objection.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. LEE in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORT OF A COMMITTEE DURING RECESS

Under authority of the order of the 15th instant,

Mr. SHEPPARD, on June 16, 1939, from the Committee on Military Affairs, reported favorably the nominations of several officers for appointment, by transfer, in the Regular Army.

EXECUTIVE REPORTS OF COMMITTEES

Mr. ADAMS, from the Committee on Public Lands and Surveys, reported favorably the nomination of Leo F. Sanchez, of New Mexico, to be register of the land office at Santa Fe, N. Mex. (Reappointment.)

Mr. ASHURST, from the Committee on the Judiciary, reported adversely the nomination of William S. Boyle, of Nevada, to be United States attorney for the district of Nevada.

Mr. CONNALLY, from the Committee on the Judiciary, reported favorably the nomination of Oetje John Rogge, of Illinois, to be Assistant Attorney General of the United States, vice Brien McMahon, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the Executive Calendar.

If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

DIPLOMATIC—FOREIGN SERVICE

The legislative clerk read the nomination of Claude G. Bowers, of New York, to be Ambassador Extraordinary and Plenipotentiary to Chile.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edwin C. Wilson, of Florida, to be Envoy Extraordinary and Minister Plenipotentiary to Uruguay.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Douglas Jenkins, of South Carolina, to be Envoy Extraordinary and Minister Plenipotentiary to Bolivia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations in the Army are confirmed en bloc.

That completes the calendar.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 2 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, June 20, 1939, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 19 (legislative day, June 15), 1939

UNITED STATES DISTRICT JUDGE

Elmer D. Davies, of Tennessee, to be United States District Judge for the Middle District of Tennessee, vice Hon. John J. Gore, deceased.

APPOINTMENTS IN THE REGULAR ARMY

JUDGE ADVOCATE GENERAL'S DEPARTMENT

To be captain with rank from date of appointment

Capt. Joel Burlison Olmsted, Judge Advocate General's Department Reserve.

DENTAL CORPS

To be first lieutenants with rank from date of appointment

First Lt. Francis Emmett Cummings, Dental Corps Reserve.
First Lt. Walter Nicholls Graham, Dental Corps Reserve.
First Lt. Calvin George Hagerman, Dental Corps Reserve.
First Lt. Hal David Oakley, Jr., Dental Corps Reserve.
First Lt. Elbert LaFayette Fenske, Dental Corps Reserve.
First Lt. Richard Jackmond Burch, Dental Corps Reserve.
First Lt. Reginald James Fallis, Dental Corps Reserve.
First Lt. John Peter Christensen, Jr., Dental Corps Reserve.

First Lt. Charles Hightower Traynham, Dental Corps Reserve.

First Lt. Donald Louis Cook, Dental Corps Reserve.

First Lt. Scott Darrow Linn, Dental Corps Reserve.

First Lt. Merle Wayne Ogle, Dental Corps Reserve.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Maj. Benjamin Witwer Pelton, Infantry, with rank from July 1, 1937.

First Lt. Samuel Edwin Beggs, Jr., Infantry, with rank from June 12, 1939.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 19 (legislative day of June 15), 1939

AMBASSADOR EXTRAORDINARY AND Plenipotentiary

Claude G. Bowers to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Chile.

ENVOYS EXTRAORDINARY AND MINISTERS Plenipotentiary

Edwin C. Wilson to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Uruguay.

Douglas Jenkins to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Bolivia.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY

Capt. Lewis Eugene Snell to Quartermaster Corps.

PROMOTIONS IN THE REGULAR ARMY

Vincent Nicolas Diaz to be lieutenant colonel, Infantry.

Joseph Henry Burgheim to be major, Quartermaster Corps.

POSTMASTERS

ARIZONA

Jessie I. Cooper, Chandler.

J. Albert Brown, Saint Johns.

Neal H. Phelps, Springerville.

ARKANSAS

Horace L. Lay, Amity.

Robert W. Moore, Black Rock.

Thomas S. Reynolds, Bradley.

Dewey Carter, Elkins.

Olice F. Huson, Heber Springs.

Frances E. Crouch, Lexa.

Leo D. Perdue, Louann.

Rupert W. Barger, Mansfield.

Romulus Owen Tomlinson, Melbourne.

Mark B. Craig, Russellville.

Horatio J. Humphries, Salem.

Mildred B. Cooper, West Memphis.

CALIFORNIA

Margaret Bernice Fleming, Alleghany.

Raymond E. Ware, Fort Bragg.

Richard S. Gregory, Fullerton.

Magdalena Seawell, Healdsburg.

Arthur N. Renshaw, Hilmar.

William F. Pritchard, Ivanhoe.

Miles E. Goble, Kingsburg.

Asa E. Bishop, Mendocino.

John J. Freeman, North San Diego.

James E. Byrne, Oroville.

Ruth O. Evans, Randsburg.

June E. James, Robbins.

Donald M. Stewart, San Diego.

Charles B. Pearson, Stockton.

Olive L. Edman, Stratford.

Nathan Levy, Visalia.

COLORADO

Earl E. Graham, Canon City.

Elmer B. McCrone, Creede.

Arthur D. Robb, Flagler.

Mollie E. Arbuckle, Fruita.

Harold G. Hawkins, Grand Lake.

Lucia A. Wheatley, Grand Valley.

Charles L. Dunn, Johnstown.

Wilton T. Hutt, Norwood.

CONNECTICUT

John F. Connerty, Washington Depot.

FLORIDA

William L. Hoag, Davenport.

Walter B. Walters, Fort Myers.

Charles W. Peters, Fort Pierce.

George W. Shelton, Lake Alfred.

Major M. Stevenson, Pinellas Park.

Albert W. Kelso, Winter Haven.

GEORGIA

James Rufus Youmans, Adrian.

Thornwell Jacobs, Oglethorpe University.

Duncan E. Flanders, Swainsboro.

Maynard Mashburn, Tate.

William O. Wolfe, Uvalda.

Willie B. Persons, Warm Springs.

IDAHO

William Schlick, Burley.

Jessie L. Kelly, Winchester.

INDIANA

James R. McDonald, Brookville.

Helen B. Fultz, Crothersville.

Clyde F. Dreisbach, Fort Wayne.

Charles D. Manaugh, Hanover.

Edward L. Sacksteder, Leavenworth.

Orville R. Wells, Morgantown.

Henry H. Powell, Newburgh.

Benjamin F. Phipps, Pendleton.

Charles A. Boggs, Veedersburg.

IOWA

Joseph W. Weber, Alta Vista.

Mary Doris Carroll, Clear Lake.

Earl P. Patten, Danbury.

Edward H. Schnebel, Farnhamville.

Gertrude Posten, Gravity.

Frank J. A. Huber, Hawkeye.

James Lowell Carr, Lamont.

Richard A. Dunlevy, Lansing.

KANSAS

Laurence A. Daniels, Ellsworth.

Rachel E. Pierson, Isabel.

Joseph B. Riddle, Wichita.

MARYLAND

Guy K. Motter, Frederick.
William H. Condiff, Solomons.

NEBRASKA

Alfred O. Sick, Blair.
John A. Gibson, Mullen.

NEW JERSEY

Ananette L. Kroh, Brielle.
Joseph Corse, Jamesburg.
Joseph A. Boyle, Jr., Longport.
Whilmena A. Harvey, Oakhurst.
Luella Brown, Old Bridge.
Eleanor H. White, Plainsboro.

NEW MEXICO

Lena B. Sexton, Las Cruces.
Lillian E. Howard, Portales.

NEW YORK

George D. Burgess, Barker.
Mabel L. Cleveland, Bloomville.
Nicholas J. O'Prey, Buchanan.
George C. Gumaer, Cato.
Henry N. Prentice, Chenango Forks.
William J. Porr, Cochection.
Fred A. Wagner, Delevan.
Peter J. Carpenter, Dobbs Ferry.
William L. Koch, Dunkirk.
Pauline L. Eschrich, East Norwich.
Michael J. Spillane, East Syracuse.
Arthur H. Flint, Eden.
Clarence F. Dilcher, Elba.
Francis D. Van Arman, Ellenburg Depot.
Michael J. O'Connor, Ellicottville.
Euphemia M. Fitter, Far Rockaway.
Joseph A. Mara, Floral Park.
Joseph A. Doyle, Flushing.
Erma S. Finch, Franklin.
William J. Hartnett, Fulton.
Edward F. Higgins, Great Neck.
Matilda L. Probeck, Greenlawn.
Clifford W. Sampson, Harpursville.
McIntyre Fraser, Johnstown.
Leon B. Wright, Lyndonville.
Clarence H. Root, Mannsville.
Charles L. Kelley, Marathon.
Bernard Daley, Mount Kisco.
Eugene S. Fiske, Mount Vernon.
Mark M. Rice, Natural Bridge.
James V. Camely, New Hamburg.
Wilfred D. Cheney, Newton Falls.
William E. Merrill, Nichols.
Jacob Fiddle, Parksville.
Arthur F. Hawkins, Patchogue.
James Herbert Hutchinson, Pittsford.
James J. Moroney, Pleasantville.
Frank J. Leedings, Ravena.
Walter J. Greene, Sayville.
William Winne, Selkirk.
Franklin L. Sweet, Smyrna.
John Lester Kincaid, Spencerport.
Mahlon M. Bomstad, Springwater.
Charles Q. Archdeacon, Stony Brook.
Julia H. Roche, Unionville.
Catherine M. Mills, Wantagh.
Napoleon Ponessa, West Haverstraw.
James W. Hodge, Wingdale.
George F. Powers, Jr., Wyoming.

OHIO

Kathryn Schott, Brewster.
John J. Cawley, Painesville.

OKLAHOMA

Rosa B. Britton, Cyril.

RHODE ISLAND

James V. O'Connell, Washington.
Thomas J. Durand, West Warwick.

SOUTH DAKOTA

Lewis E. Smith, Alpena.
Fred C. Wetterberg, Arlington.
John D. Cannon, Fort Pierre.
Michael J. Matthews, Isabel.
Harry A. Beavers, Jefferson.
Clare Leamy, Letcher.
Mabel M. Fitzgerald, Plankinton.
James R. Crowe, Yankton.

TEXAS

Benjamin A. Borskey, Alvin.
Sam Hagin, Anna.
Aldred H. Clark, Bremond.
Sarah E. Burns, Center.
Ambrose J. Denman, Channing.
James A. Hilburn, Childress.
Bertram D. Wren, Clarksville.
Carl W. Appling, Claude.
Fillmore R. Anderson, Cross Plains.
Mary Y. Guyler, Crystal City.
Zettie Kelley, Diboll.
Mary B. Harper, Eagle Pass.
Marshal E. Kelley, Earth.
Fronie R. Allen, Emory.
Noel J. Reynolds, Ennis.
Noma N. Lokey, Farwell.
Marcellus P. Adams, Lampasas.
Helen L. Hall, League City.
Johnnie R. Back, McLean.
Alexander M. Bowie, San Benito.
Lily A. C. Tyree, Shafter.
Flake George, Shamrock.
Nena M. Iiams, Sugar Land.
Edgar H. McElroy, Waxahachie.
Balser B. Hefner, Weimar.
Faye Jessmyr Hood, Wortham.

UTAH

Brigham Willard Young, Draper.
Wayne K. Sheffield, Kaysville.
G. Leonard Larson, Sandy.

VIRGINIA

Rosa L. Williams, Bassetts.
John D. Webb, Disputanta.
Robert A. Smith, Gordonsville.
Mary Ann Nichols, Hamilton.
Annie R. Walker, Herndon.
Alvin D. Davis, Lorton.
Milton E. Gee, Meherrin.
Hollis H. Howard, Radford.
Thomas E. Frank, Warrenton.
Gipsie B. Cassell, Wytheville.

WASHINGTON

Andrew F. Farris, Cashmere.
Alfred K. Filson, Centralia.
Hubert S. Storms, Chewelah.
Harold W. Kreidel, Cle Elum.
Fred E. Olmstead, Grandview.
Frank H. Lincoln, Kennewick.
Moses S. Brinkerhoff, Okanogan.
Edwin Morris Starrett, Port Townsend.

WYOMING

Albert H. Linford, Afton.
Thomas P. Hill, Jr., Buffalo.
John G. Kelly, Hanna.
Robert B. Landfair, Jackson.
Percy D. Sims, Lovell.
James E. Smith, Riverton.